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SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

January 24, 2006
Special Meeting

9:00 A.M.

Room 408 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
MICHAEL S. STRUNSKY
Vice President
LINDA S. CRAYTON
CARYL ITO
ELEANOR JOHNS

JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

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Minutes of the Airport Commission Special Meeting of
January 24, 2006

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

January 24, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:06 AM in Room 408, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting recessed at 9:08 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of Phase 2 of the litigation entitled CCSF v. ARCO et al., U.S. District Court Case No. C97-2965MMC; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:35 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 20, 2005 were adopted unanimously.

No. 06-0001

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Retirement Resolution - Romulo Cocadiz

No. 06-0002 Resolution congratulating Mr. Romulo Cocadiz on his retirement after 26 years of service at San Francisco Airport.

Mr. John Martin, Airport Director, said that Romulo Cocadiz is retiring after 26 years of service as a Stationary Engineer. He always maintained the highest standards in performing his assignments and provided excellent and dependable service to the Airport, particularly in maintaining air quality throughout the terminals.

We wish Mr. Cocadiz well in his retirement.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Retirement Resolution - Arthur Suguitan

No. 06-0003 Resolution congratulating Mr. Arthur Suguitan on his retirement after 27 years of service at San Francisco Airport.

Mr. Martin said that Art Suguitan is retiring after 27 years of service to the Airport as an Electronic Maintenance Technician. Mr. Suguitan also adhered to the highest standards of the Airport. Earlier in his career he was Employee of the Year for the Maintenance Division.

We wish Mr. Suguitan well in his retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Award Contract No. 8368 - Solid Waste Management - South San Francisco Scavenger Company, Inc. - \$3,990,840.00

No. 06-0004

Resolution awarding Contract No. 8368, Solid Waste Management to the lowest, responsive, responsible bidder, South San Francisco Scavenger Company, Inc., in an amount not to exceed \$3,990,840.00.

Mr. Martin said that in accordance with legal advice from the City Attorney's Office he is recommending award of this contract on the basis of the original bid terms to South San Francisco Scavenger. South San Francisco Scavenger has agreed to a 75% recycling goal to be met by 2008 and that will be incorporated into the contract terms.

Commissioner Mazzola moved that Commissioner Crayton be recused from the discussion and vote on Item No. 4. The motion was seconded by Commissioner Strunsky. The vote to recuse Commissioner Crayton was unanimous.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Johns. The vote to approve was unanimous.

4. Business Terms for Cellular Leases

No. 06-005

Resolution approving the business terms for the Cellular Service Leasing Program and authorizing staff to lease space at the San Francisco International Airport to cellular service providers according to the approved business terms.

Mr. Leo Fermin, Deputy Director, Business and Finance said that at the December 1, 2006 Commission meeting staff proposed a new rental rate of \$300,000 per cellular antenna lease for campus-wide access to the Airport, regardless of the number of antenna sites or the channel call capacities of the antennas. That proposed rent structure was a step back from what the Commission approved the prior year. The Commission put over this item and in the meantime, staff has again requested revenue and call volume data from the cellular firms, and on December 22, met with Sprint/Nextel, Verizon and T-Mobile.

For whatever reasons, the industry is unable to provide the requested information which is needed to assess whether in fact, the proposed rent is excessive given the revenues generated at the Airport. As a compromise to bring closure to this matter, we now offer a step back from the \$300,000 annual rent. Instead, for Calendar Year 2005, the rent would be set at \$225,000 retroactively. Then Calendar Year 2006 would be Year 1 of the new leases, with a rent at \$250,000 annually, increasing to \$275,000 in Year 2 and then to \$300,000 in Year 3.

Two of the 4 cell phone firms have agreed to execute leases under this revised rent structure. Under this approach, we set this rent as a campus-wide single

access fee to be on Airport, regardless of the number of antennas a firm wishes to install. We do not view this as setting a lease rent value for the square footage of the antenna sites, as off-Airport locations may do, but as an access fee for the privilege to be on-Airport, similar to other access fees we charge.

Ms. Stacey Larsen, said that she has been the Sprint/Nextel representative on this lease matter throughout the process. The Commission will hear from her and her colleagues, John Boat and Joel Linderoth, regarding the on-going problems and lack of understanding on issues surrounding SFO's proposed cellular lease and the terms and compensation model.

Imagine if you had been renting an apartment in San Francisco since 1999 and you were content. In 2005 your landlord announces that he intends to quadruple your rent. You landlord claims, without evidence, that you have been underpaying for years and that you also need to make up for money that he is no longer getting from payphones on his property. You then show your landlord dozens of verifiable examples of similar, more attractive properties around the country that do not command a rent nearly as high as he is demanding, and his response is to pay or to leave.

This is exactly what happened during the attempted negotiation process and it does not foster a long term business relationship. SFO's staff maintains that the facility is unique and deserves special treatment and higher revenues. However, from a business standpoint that it is not justifiable to pay the proposed rents when SFO ranks in the middle of the pack of U.S. airports in terms of passenger traffic and is limited by a substandard three year lease term. It is also likely that larger and busier airports in other markets will demand even greater rents reflecting their superior enplanement ranking compared to SFO. As a result, Sprint/Nextel could be in a position of losing money at every airport in the country going forward.

Sprint/Nextel is forced to explore other technological means of providing the best possible wireless service at the SFO. SFO patrons will be impacted as well as the Fire life safety personnel who rely heavily on our communications systems.

She asked the Commission to have staff once again review its position and make a serious effort to propose a fair rent tied to a capacity-based model as seen in Denver and recommended by the Commission's own paid consultant.

Her colleague, Joel Linderoth, will now explain revenue share models proposed by SFO staff and how they do not work for the wireless industry. She encouraged the Commission to ask questions to fully understand why SFO's attempt to calculate revenue is technology infeasible.

Mr. Joel Linderoth, Sprint/Nextel, wanted to dispel the misconception about why they did not turn over their numbers.

They were asked for two numbers ... revenue and minutes of use. They were asked for eight years of data and they were given under two weeks to provide it.

They don't have the revenue side. Individual cell phone bills are based on calling

plans. There is no way for them to meaningfully look at a site and determine how much revenue was generated from it. Minutes of use data, which they were aggressively compiling in order to turn over to SFO staff, only makes sense if you can derive revenue from it. For example, a hamburger vendor at SFO can look at how many hamburgers were sold, the price charged per hamburger and from that you can determine revenue. Wireless technology is different and their pricing structure is different. They don't have a point of sale pricing structure where you can look at how many hamburgers or how many minutes of use left a store at SFO. They have pricing plans that people pay at different locations. If they go over their allotted amount of minutes they may be charged more at SFO; if they are under their allotted number of minutes they are not be charged anything. If they are talking on the weekends they could be free; if they are talking to friends and family, they could be free. If they use under their allotted number of minutes and then use them the next month it could be free.

They have no way of knowing just by the number of minutes used at the Airport how much revenue they derive.

Couple that with the problems of their technology. Legacy Sprint uses CDMA technology which SFO staff's own report stated will often record one call on up to three sites. This is like having a broken cash register that records three hamburger sales when only one occurred.

All of these issues were brought to SFO staff and they were asked to consult with Sprint/Nextel on how to solve them and present revenue data.

Mr. Martin then informed them that the data was no longer required and that the new rent would be presented to the Commission. They were never given specifics on a third party clearinghouse, what it looked like, and how they would function. They were never given a document that would protect the proprietary nature of the information they were trying to compile. They were characterized as not playing ball and not giving the numbers.

However, they can track revenue based on capacity as is done in Denver. It's a simple model which looks at the equipment and how many calls that equipment can carry. If you count the equipment in the room you will know how many calls can be carried. If additional equipment is added, the rent goes up, etc.

They actually offered to pay dollar for dollar ... the same amount paid at Denver, despite the fact that Denver has 30% more enplanements, and represents a 70% increase over their last rent. That was rejected by SFO staff without counter or without consideration.

SFO staff will tell you that the initial offer was based on the Denver model and technically that is true. However, the rent that were superimposed on that model ... a model that was recommended by their own report ... resulted in a \$500,000 rent which was unilaterally rejected by the industry. We then fell into this game of show us numbers that either don't exist or can't be computed.

Mr. John Boat, representing Sprint/Nextel, said that the Commission is probably

asking itself if two of the three carriers have agreed to what is being proposed, why isn't it fair? The summary provided to the Commission by staff characterized this proposal as "fair and consistent", but he suggested that it is not and the Commission can arrive at that conclusion by looking at the two carriers that have agreed to the rent structure. The first is Cingular.

At the last meeting, Cingular had already agreed to the rent structure proposed at that time. The reason Cingular agreed is because they had operational requirements ... equipment upgrades they had to complete by the end of the year so they were forced to agree to what was on the table at that time. Cingular clearly stated that the rent structure was not fair or reasonable and was inconsistent with market considerations.

Since the last meeting T-Mobile has agreed to the rent structure. That is not surprising because T-Mobile has six separate sites located on Airport covering not only Airport grounds but also Highway 101 and other areas. T-Mobile looked at the rent being proposed, divided it by their six sites and figured that while this is excessive, it is something they can live with.

If you compare T-Mobile's six individual sites to Sprint's four sites, Sprint is paying a full one third more than T-Mobile. That is not fair and consistent treatment.

Verizon has two or three sites, so Verizon would be paying twice per site what T-Mobile is paying. That is not fair and consistent treatment.

What is interesting is that the Airport's consultant made two suggestions in its report. The first is to establish a rent based on a per site fee, and the second is to establish a rent based on capacity. The capacity piece being if they have more sites then they are obviously handling more traffic and, therefore, if you have a per site fee the people who are handling more traffic will be paying more rent.

The proposal before the Commission does not accomplish either of the two main goals that the Commission's paid consultants suggest the Airport accomplish.

He suggested that the rent structure be reevaluated and established at a per site fee so that it is fair and equitable to all the carriers operating at the Airport.

Mr. Paul Albritton, representing Verizon, read a letter into the record (see Attachment No. 1.)

Mr. Eric Shields, Senior Manager for Outside Plant Engineering for T-Mobile in San Francisco, expressed gratitude to Airport staff for coming up with a proposal that is acceptable to T-Mobile under certain conditions. In effect, they have a flat rate proposal in a campus-style setting, and one that is fair to all parties involved.

Following the December 1 meeting he met with Airport staff on two separate occasions where they worked to find common ground. As demonstrated to staff, and has been discussed by previous speakers, they do not calculate revenue on a per site basis because there are too many variables. There are free minutes and data transfer rates. Cell phone rates have gone down over time. Ten years

ago cell phone users were paying 25 cents per minute; T-Mobile's current rate plan is 2.5 cents per minute. Revenues for wireless carriers are generated by too many sources ... like ring tones, and other features that are not measured by cell sites alone.

What constitutes fair rent at the Airport? The proposal before the Commission is too high as measured by industry or market standards. The fact that two carriers are in favor of the proposal and two are against the proposal is further evidence.

However, there are a number of reasons why T-Mobile is prepared to accept the three-year deal. First and foremost it will insure and provide uninterrupted service to their customers. Second, it is a means of fostering and maintaining a positive working relationship with Airport staff as they investigate the future of a Distributed Antenna System (DAS) project at SFO. Last, it provides a level playing field in a setting where all carriers have equal access to improve coverage, fill gaps and the like. The campus-style arrangement is the right solution given the different technologies that exist today, the time to market, and space availability.

His support of the proposal is a function of the very distinct and exceptional qualities of the SFO property. The proposal has no application for them in other private, public property rent negotiations. It is T-Mobile's view that it is not precedent-setting for establishing rates beyond the current proposal. With respect to future negotiations they will continue to explore other options over the next three years to continue to provide excellent service to their customers.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award of Contract 3828A - Power Distribution System Loop Connection - Phase 1 - Granite Rock Company, dba Pavex Construction Division - \$5,112,000.00

No. 06-0006	Resolution awarding Contract No. 3828 A, Power Distribution System Loop Connection - Phase 1, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction Division, in the amount of \$5,112,000.00.
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Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance said that item replaces the aging electrical infrastructure on the airfield. As part of this contract we will be constructing new duct banks across each of the four runways which will give us connections between the two field lighting buildings.

There were two bidders ... Proven Management and Pavex Construction. Proven was the apparent low bidder, however, Pavex protested their bid claiming it was non-responsive due to inadequate qualifications.

Pavex alleged that Proven listed a C-10 electrical subcontractor for only a small portion of the work, so they must self perform the bulk of the contract. Pavex

contends that Proven does not have the experience to self-perform the type of work necessary for the project.

Proven responded to the protest by saying that they have performed work on two projects similar to Contract 3828A. Those two contracts were ... the Third Street Light Rail System for San Francisco Muni and the reconstruction of aprons at Oakland Airport's north field.

The Rail System Project does not incorporate the timing, complexity or quality control precision of the runway work. We were told by Oakland Airport that since their apron work had just begun they could not verify if Proven had the ability to perform this type of work.

Our contract specifications required that installation of the duct bank be performed by electricians and paid not-less-than the prevailing. These are 12,000 volt cables running under live runways so the bends in the conduit have to be done correctly. Beginning January 1, 2006 all persons performing work as electricians must become certified pursuant to Section 3099 of the State Labor Code. Uncertified persons may not perform electrical work.

Both bidders are union contractors so they can either hire C-10 subcontractors with certified electricians, hire certified electricians from the union hiring hall, or use their own certified staff.

Proven did not list sufficient C-10 support in the bid documents, they did not claim to have certified electricians on staff, and they are not signatory to the IBEW to hire from the union hall. When HRC questioned Proven that their HRC Form 5 listing all of their employees did not include in-house electricians for the contract, Proven revised the form and included 1,732 hours for electricians.

Our estimate for the work, using the National Electrical Contractors Association guidelines, is over 5,000 hours at a minimum,

Based on the information, staff believes that Proven, the apparent low bidder, did not meet the requirements of the bid documents and submitted a non-responsive bid. We request the contract be awarded to Pavex in the amount of \$5,497,165.

Commissioner Strunsky asked if we were crossing both taxiways and runways with these ducts.

Mr. Eavis responded that we are crossing all four of the runways.

Commissioner Strunsky asked if this was a cut and cover or jacking process.

Mr. Eavis responded that it is cut and cover. Each runway will be done on one weekend. Work will begin on a Friday evening and will be up and running on Monday morning.

Commissioner Johns asked if the alternatives will come back to us later.

Mr. Eavis responded that this is a multi-phase project. This portion of the work is covered under AIP 23, which closes out this July. Future grants will have additional work replacing other portions of the duct bank system. Since some of these duct banks have actually collapsed, there is no way to pull the cable out of the existing duct backs so we have to construct new ones to provide power and telecommunications.

Commissioner Johns asked if that portion will be a new bid.

Mr. Eavis responded that the alternatives are not included in this contract and will require another bid.

Commissioner Strunsky asked if this included duct banks and cables or just installation.

Mr. Eavis responded that it is the duct banks and the cables.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Award of Contract No. 4114B - Shoreline Protection Restoration, Phase B -
William P. Young Construction, Inc. - \$3,209,075.00

No. 06-0007 Resolution awarding Contract 4114B, Shoreline Protection Restoration, Phase B, to the lowest responsive, responsible bidder, William P. Young Construction, Inc., in the amount of \$3,209,075.

Mr. Eavis explained that this contract will shore up the dike system by driving plastic sheet piles that interlock 17 feet into the ground and rise up between one to five feet above ground.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

7. Award of Contract No. 8119B - Airfield Surface Incident Prevention System and Intrusion Detection - F.A.A. A.I.P. No. 3-06-0221-23 - Granite Rock Company, dba Pavex Construction Division and Bay Area Systems and Solutions, dba BASS Electric Company, A Joint Venture - \$1,123,040.00

No. 06-0008 Resolution awarding Contract No. 8119B, Airfield Surface Incident Prevention System and Intrusion Detection, F.A.A. A.I.P. No. 3-06-0221-23, to the lowest responsible, responsive bidder, Granite Rock Company, dba Pavex Construction Division and Bay Area Systems and Solutions, dba BASS Electric Company, a Joint Venture, in the amount of \$1,123,040.00.

Mr. Eavis explained that this contract is the first phase of an Intrusion System for the water side of the Airport perimeter. It will include closed circuit tv cameras and various electronic devices to better secure the perimeter based upon a threat analysis previously done.

We had two bidders on this project and ask that award be made to the low bidder, a joint venture between Pavex and Bass Electric.

Item No. 8 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Authorization to Issue a Request for Proposals for After Hours Network Operations Center Help, Help Desk and Other as-Needed Communications Support Services

No. 06-0009	Resolution approving issuance of a Request for Proposals to secure after hours Network Operations Center (NOC) assistance, HELP Desk and other as-needed Communications Support Services for three years with two one-year options.
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Ms. Theresa Lee, Deputy Director, Administration explained that the intent of this RFP is to secure a cost effective, fixed-price solution for after-hours network monitoring and HELP desk coverage for the next three to five years, and to provide a consistent level of support for the Commission and its customers.

As background, the Airport installed a new network communications infrastructure as part of the Master Plan to support Common Use Terminal Equipment in the International Terminal as well as providing new services to tenants and concessionaires and supporting critical Commission systems.

Currently, Alcatel USA provides the off-hour first line HELP desk and network operations center coverage Monday through Friday, 7:00 PM to 7:00 AM, and 24-hours on weekends and holidays through their Customer Network Operations Center. City workers provide the coverage during the busiest times during the weekday, 7:00 AM to 7:00 PM.

At this time it still makes good business and operational sense to contract out the off-hour coverage for two reasons. The additional cost to hire City workers for this portion of the work will increase our current costs by \$500,000, plus training that is required. Second, the number of calls during the off-hours does not warrant a full time employee, where an experienced provider with existing operations can provide the necessary coverage in a more efficient manner and at competitive rates by leveraging its operations with other entities.

The use of contractors for off-hour coverage allows the Airport to efficiently manage both its financial and staffing resources by having City workers perform the work during the day, which is the busiest portion of the week, and the contractor covering the off-hours.

Commissioner Crayton asked what the current contract costs.

Ms. Lee responded that it is about \$310,000.

Commissioner Strunsky asked if this would be off-shore contracting.

Ms. Lee responded that it would be in the United States.

Commissioner Johns asked if there would be a person on-site.

Ms. Lee responded that Alcatel would try to troubleshoot what they can. For those issues that they cannot handle we have a staff person on-call who would then come on-site and do what is needed.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 9 through 14, was moved by Commissioner Mazzola and seconded by Commissioner Strunsky. The vote to approve was unanimous.

9. Reject All Bids for Contract No. 5706B - Terminal 1 Pedestrian Bridge and Mezzanine Steel

No. 06-0010

Resolution approving the rejection of all bids for Contract No. 5706.B, Terminal 1 Pedestrian Bridge and Mezzanine Steel and authorizing the Director to re-bid when ready.

10. Modification No. 1 to Customer Service Survey Contract - Polaris Research and Development, Inc. - \$5,800.00

No. 06-0011

Resolution approving Modification No. 1, the first of three one-year options exercisable at the discretion of the Commission, to Professional Services Contract with Polaris Research and Development, Inc. for the Annual Passenger Survey and the Airports Council International Survey, rather than the International Air Transport Association Survey, beginning on July 1, 2005 and ending on December 31, 2007 in the amount of \$5,800.00, for a new contract amount of \$163,300.

11. Modification No. 1 to Contract No. 8308 - As-Needed Telecommunications Construction/Repairs - Bass Electric - \$160,000.00

No. 06-0012

Resolution approving Modification No. 1 to Contract 8308, As-Needed Telecommunications

Construction/Repairs, with Bass Electric, in the amount of \$160,000.00.

12. Bid Call - Contract 8505 - Long Term Special Systems Canopy and Windscreen
No. 06-0013 Resolution approving the scope, budget, and schedule for Contract No. 8505, Long Term Special Systems Canopy and Windscreen, and authorizing the Director to call for bids when ready.
13. Authorization to Enter into a Memorandum of Understanding Between the City and County of San Francisco and the State of California
No. 06-0014 Resolution requesting approval for the Airport to enter into a Memorandum of Understanding with the State of California, Department of Health Services to store pharmaceutical supplies known as "Chempack".
- Commissioner Johns asked who would be monitoring these supplies to make sure they are always fresh.
- Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that the CDC is responsible for the content of the medical supplies within these storage devices. We have chosen to store them in the Airport Museum on West Field Road which is a secure facility with a 24-hour alarm. They are wired into a phone circuit so we know when they are opened. The Airport has no responsibility for the contents. The CDC is responsible for maintaining the purity of the medical supplies.
- Commissioner Johns thought that someone should be checking them out.
- Mr. Martin said that the Airport's Office of Emergency Planning could maintain a tickler file to contact the CDC and verify that the supplies have been replaced.
14. Amendment No. 1 to Sublease with the Corporation of the Fine Arts Museums 245 So. Spruce Avenue, So. San Francisco
No. 06-0015 Resolution approving Amendment No. 1 to sublease agreement No. 00-0347 between the City and County of San Francisco, a Municipal Corporation as sublessor and Corporation of The Fine Arts Museums ("COFAM"), a California non-profit organization as sublessee to extend the term of the sublease through March 31, 2009.

Commissioner Johns asked how much of the space at Spruce Street is currently

not rented. Are we at a net loss?

Mr. Fermin responded that we currently sublease out about 32% of the total square footage. There is about 562,000 square feet in the entire building and we sublease a total of 177,000 square feet for a total of \$1.358,000 in sublease rents a year. The rent we pay the landlord is \$5.7 million, so we are out of pocket about \$4.3 million.

Mr. Martin said that we use part of that space for our own purposes, but there is certainly a loss to us. We leased this property in our boom period of 1999/2000 and expected that we would have a greater need than we actually have. We will give up this lease when it expires.

* * *

H. PUBLIC HEARING:

The Public Hearing was opened at 10:20 A.M. and closed at 10:34 A.M., there being no further comments from the public. Item No. 15 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

15. Amendment to the Airport's Rules and Regulations

No. 06-0016

Proposed Changes to the Airport's Rules and Regulations in the following sections: 1.1.8 through 1.1.53; 1.3.3(Q); 1.3.3(S); 1.4.8; 1.4.8(A)(1), (2) and (14) through (21); 1.4.8(B)(2), (5), (6) and (13); 1.4.8(C); 1.4.9; 1.5.7(D)(2); 1.5.9(D); 1.5.18(C) and (E); 1.6.8; 1.7.1(A); 1.7.1(C) and (1); 1.7.1(D) through (F); 1.7.1(G)(1); 1.7.1(H) through (M); 1.11.1(A)(1) through (3); 1.11.2(B) and (D); 1.11.3(A); 1.11.3(B)(1) and (2); 1.11.3(D) and (I) through (4); 1.11.4(B) and (E); 1.11.9.4 through 34; 1.12.3(A); 1.12.4(B), (C) and (G); 1.12.7; Appendices A, C and F.

Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that these changes to the Rules and Regulations span seven different sections and three appendices. These changes are broader than the change made last month concerning propeller aircraft at the passenger terminals. These changes are broad-based and reflect the continually changing airport operating conditions. The changes can be categorized as Clarifications and Definitions, Clarifications on Security Regulations, Parking Fines, Wildlife Management, Free Speech Booth use rules, AOA Driving Regulations and update the manual to reflect the proper name of the Berman Reflection Center.

We brought the manual up to date as it pertains to new definitions about Secure Area, Sterile Area and Sita Area. We talk about the 10 foot clear zone back from perimeter fences. We define what a Deviation is on the airfield versus an

Incursion and we properly identify the Water Perimeter Zone that we established about a year and a half ago.

Section 1.3.0 talks about Wildlife Management which refers to no feeding of birds.

We also talk about no bicycles being driven on the AOA outside of the air carriers leasehold space.

Section 1.4.0 talks about the operation of motor vehicles and changes proposed on the secure area and the Air Operations Area to clarify vehicle signage and equipment requirements. It also talks about our new enhanced driver safety regulations. Our new program accounts for Airport operators who do not follow the proper driving techniques on the airfield.

We also talk about the need to properly mark and maintain vehicles on the airfield.

Section 1.5.0 talks about aircraft operations, secured area, air operations area and the placement of tenant equipment and where it can be parked properly. We also eliminated reference to Boarding Area D in Terminal 2 because it is not an active area. That will be revised when Terminal 2 reopens.

Section 1.7.0 talks about Airport Security. This is a big change because in the past our manual talked about FAR 107. That was replaced with Part 49 CFR TSA Regulation 1552 when the TSA was formed. We changed all references to Airport Security to reference the proper Federal regulations. It also enhances some employee security regulations within that section.

Section 1.11.0 makes modifications to our Trip Reduction Rule. It changes some of the goals for continuous reductions in average vehicle trips per employee. We made modifications to specifics in the requirement for companies with 100 or more employees to have an active trip reduction program.

Section 1.2.0 is Noise Abatement Regulations. Changes are proposed to add clarity and conformity to the Airport's Noise Abatement Regulations as well as information on Airport Operations Bulletins that were repealed resulting from the enactment of the Airport's Noise Abatement Regulation.

We also eliminated reference to the Compass Rose which was an area on the airfield that is no longer needed by aircraft and we no longer maintain.

We made changes to Appendix A pertaining to the Free Speech Booth which requires the issuance of a badge to solicitors in the Booth. That ID badge is distinct and in no way looks like an Airport employee ID badge. We also limit the number to two people per Free Speech Booth at any time.

Appendix C made a small change in our Fine Schedule where we increased the fine for unattended vehicles from \$35 to \$50.

Appendix F makes the change in the name of the Reflection Center to the

Berman Reflection Room.

Commissioner Johns asked what the difference is between "No Parking in a Restricted Area" which is \$50 and "Violating No Parking No Stopping" signs which is \$30.

Mr. McCoy responded that the "No Parking in Restricted Areas" pertains to Courtyards No. 2 and 3 where we no longer allow the public to park. If you park in a restricted area the fine is \$50. The "No Parking No Stopping" fines for \$30 has to do with parking at the curb.

Mr. Barry Taranto, cab driver, said that the Fine Schedule calls for \$100 fine for "Loading Zones - Limousines". What rule does that apply to and when and where is it applied? Does "Driver Not With Vehicle" apply to private vehicles?

Mr. McCoy responded that it is the same fine for taxis and the public. There is no difference in our regulations.

Mr. Martin asked Mr. Taranto to meet with Landside Operations staff and we will work to make sure that we are reasonable in accommodating individuals who serve the Airport.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, Cab driver, said that Noel Pinto of Airport staff is doing a great job. He is the one running the short term garage, not Ampco.

The job the PSAs do in keeping the curbs clear is very sporadic. The Police in patrol cars have done a very good job in enforcing the curbs. He hopes it continues.

He met with Commander Craig of the SFPD-Airport, Henry Thompson, and Alice Sgourakis, who is also doing a great job, regarding patrolling the baggage claim areas. The Police come up with a lot of excuses why they can't keep patrolling the baggage claim areas rather than saying they will work on the solicitation issue.

The parking pass issue recently in the newspapers was ridiculous.

The Airport needs a rule as part of the Fine Schedule for limousines that fail to park on Level 5.

* * *

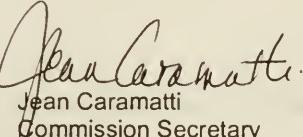
J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:35 A.M.


Jean Caramatti
Commission Secretary

MACKENZIE & ALBRITTON LLP

ONE POST STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94104

TELEPHONE 415 / 288-4000
FACSIMILE 415 / 288-4010

January 23, 2006

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

Re: Verizon Wireless Objections to Business Terms for Cellular Leases

Dear Members of the San Francisco Airport Commission:

We are writing to register the continuing objection of our client Verizon Wireless ("VZW") to the prospective business terms for cellular leases at San Francisco International Airport ("SFO") proposed for approval by your commission on January 24, 2006. There is no economic justification for quadrupling VZW's current rent and limiting VZW to a two year lease term at SFO. Lower cellular lease rates at higher ranked airports than SFO, as well as revenue and call volume data provided by VZW to SFO staff, clearly evidence the purely speculative and over-bearing nature of the proposed terms. The justification for such unreasonable terms appears solely to be to reduce the number of wireless facilities at SFO and to ultimately monopolize passenger cell phone service through an SFO owned distributed antenna system "DAS".

Wireless Data Provided and Ignored

At the December 1, 2005 Commission hearing on this topic, wireless carriers stressed that revenue data is collected by customer and not by cell site. Nevertheless, VZW provided publicly available information to SFO showing national averages for **revenue per cell site** as well as VZW **call volume data** showing that VZW sites at the airport generate only moderate traffic; for the individual VZW sites servicing the terminals, roughly equivalent to sites located in Hollister or St. Helena. The attached chart, provided to staff last month, shows indexed call volume data for the 553 VZW sites nearest to SFO; and that the two VZW permanent sites at SFO each generate less than half the volume of an average VZW site in the Bay Area. In the attached letter to Airport Director dated December 16, 2005, VZW provided data showing that while cellular revenues increased 243% over the five years starting in 1999, VZW's rent at SFO increased nearly 1,200%, while passenger volume at SFO declined by nearly 20%.

At VZW's meeting with SFO staff, this information was flatly ignored. VZW was told that the **two carriers with double and triple the cell sites of VZW at the airport had agreed** to terms; and that those were the **terms to be dictated to VZW** – regardless of the data provided and regardless of the discrepancy in sites located on SFO property. While other carriers have developed sites on SFO property that service the San Mateo Bridge and Highway 101 Corridor, VZW has not; VZW's permanent sites at SFO service SFO.

Staff Seeks to Recover Monopoly Payphone Revenue

Staff's report to the Commission references past monopolistic payphone revenues as the standard by which cellular lease revenue should be measured. Higher payphone revenues were obtained through higher phone charges paid by passengers with no other alternative. Staff fails to recognize that the success of wireless telephone competition has eliminated this monopoly, and the profits of the payphone industry, to the great benefit of passengers.

The cellular lease terms to be adopted January 24th have been accepted by two carriers, but rejected by two others that have both publicly stated that they will pursue exit strategies from airport property. Similarly, the maximum two and three year lease terms proposed by staff ensure that no carrier will invest further in wireless infrastructure at SFO; because the business risk is just too high. It is VZW's great concern that SFO staff is attempting to set up the opportunity for itself to remove all "non-SFO" wireless facilities from SFO property by December 31, 2008, and to require exclusive use of an SFO owned and operated Distributed Antenna System from that day forward.

Any plan by SFO staff to create a monopoly DAS system is folly. Carriers will reject such a plan and operate from locations off of airport property, leaving SFO to bear the full cost of constructing the DAS, a DAS that no carrier utilizes. Most tragically, such a plan would hinder reliable wireless service for SFO customers.

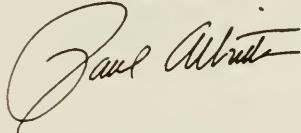
Conclusion

In reviewing the proposed business terms for cellular carriers, VZW asks the Commission to direct staff as follows:

- (1) Given the imposed 2 year term, staff must fairly negotiate with those carriers with 2 or 3 sites, versus those with 6 or 7 developed sites at SFO that serve other than SFO property; and
- (2) Staff must work cooperatively with wireless carriers to develop a DAS system that is complimentary to current wireless facilities at SFO, and not develop a monopoly DAS system that requires carriers to abandon their current investment in wireless facilities at SFO.

Thank you for considering Verizon Wireless's position in these negotiations

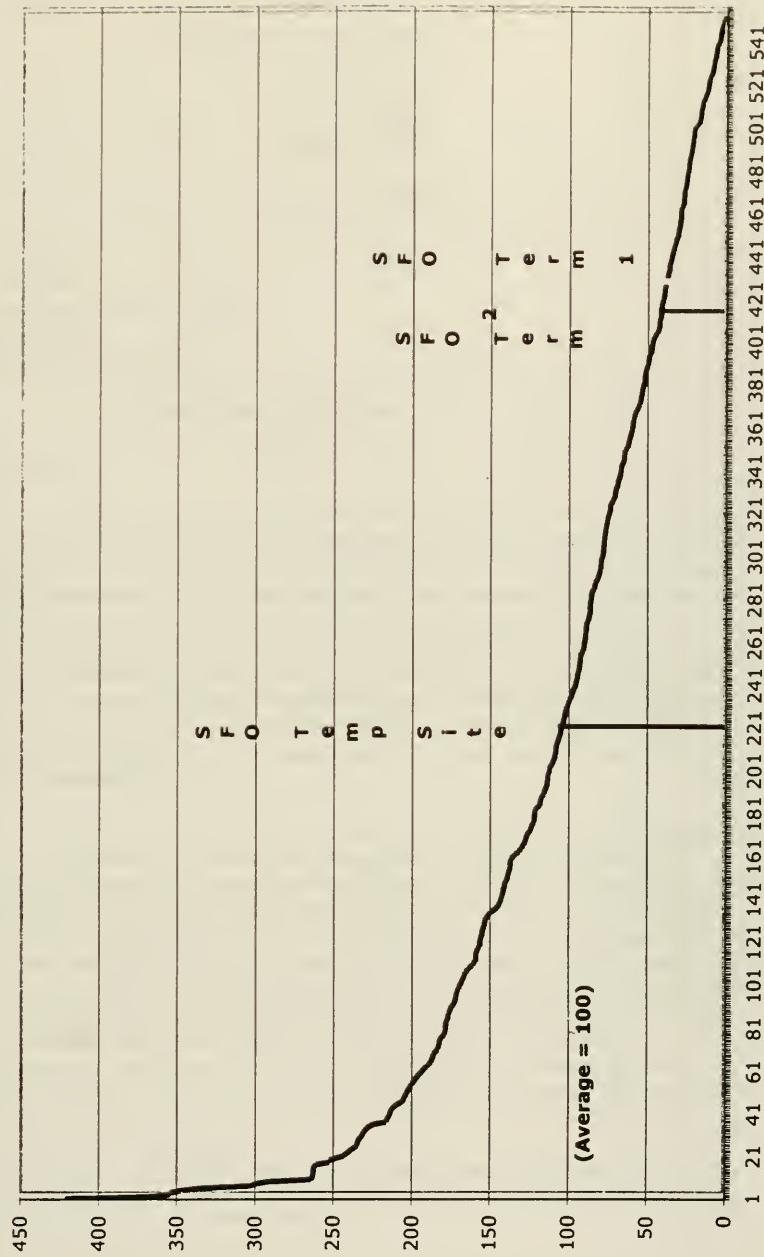
Very truly yours,



Paul B. Albritton

Enclosures

Rank (by usage) of 553 Verizon Wireless Sites nearest to SFO



MACKENZIE & ALBRITTON LLP

ONE POST STREET, SUITE 500
SAN FRANCISCO, CALIFORNIA 94104

TELEPHONE 415 / 288-4000
FACSIMILE 415 / 288-4010

December 16, 2005

John Martin
Airport Director
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Re: Airport Cellular Lease Terms

Dear Mr. Martin:

We are in receipt of your letter dated December 7, 2005, in which you request a response regarding the willingness of our client Verizon Wireless to provide a "summary of revenue generated and call volume at San Francisco Airport from January 1, 1998 to the present". As explained more fully below, the specific "per site" revenue information that you request is not generated, maintained or recorded by Verizon Wireless. Similarly, while call volume data may be aggregated on a per site basis, there is no direct relationship between this information and the revenue generated by a site. In addition, call volume data is only retained for a short period of time and is simply not available for the time period you have requested. It is for these reasons that Verizon Wireless prefers, and your staff has recommended, "campus" based cellular rents for San Francisco Airport ("SFO").

As you may recognize from your own cellular phone bill, call volume and revenue are calculated on a "per customer" basis due to the unique nature of each customer's billing plan, phone usage and travel pattern. Even within a single customer's bill, the same increment of call volume will generate differing revenue. Accordingly, wireless revenue is recognized by local, state and federal regulators to originate from the place of customer billing. As such, revenue information is gathered on city, county, state and national basis based upon the customers billed in that region. By way of example, we attach to this letter a graph showing the growth in California cellular revenues from 2000 to present as submitted by carriers in annual reporting to the Federal Communications Commission. Also shown in the graph are the relative percentage increases in cellular rents at SFO since 2000 and the relative percentage decline in SFO boardings.¹

¹ It is relevant to note that cell sites themselves are not individually assessed for property tax purposes by individual counties, but are recognized as part of a statewide network and assessed under a unitary tax administered by the State Board of Equalization.

John Martin
December 16, 2005

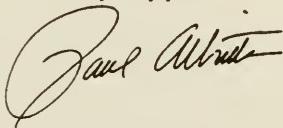
Page 2

We also wish to clarify that last week's letter is the first request by SFO for Verizon Wireless revenue data. Your staff and their consultant proposed rent terms based upon "total calling capacity" (based upon the Denver model) and have not even suggested a percentage or revenue based rent. Through our discussions to date, your staff has been convinced that the Denver "total calling capacity" model (based upon channel counts reported by the carriers) is flawed and unverifiable due to the differing technologies employed by the various wireless companies.

As we have consistently stated, if coupled with a reasonably long lease term (that permits amortization of capital investment), Verizon Wireless prefers a campus-based rent. Verizon Wireless also seeks to begin the discussion of any planned development of a distributed antenna system ("DAS") at SFO as part of present lease negotiations. The two and three year lease terms proposed by SFO present an unacceptable business risk, and will force Verizon Wireless to examine exit strategies from SFO property. Beginning cooperative discussions today regarding the development of tomorrow's DAS project should allow for longer term agreements that fulfill the needs of both SFO and the carriers.

Verizon Wireless hopes to work cooperatively with SFO to provide superior wireless services to mutual customers, while providing a fair return to SFO for its facilities. Verizon Wireless looks forward to meeting with you to discuss these issues.

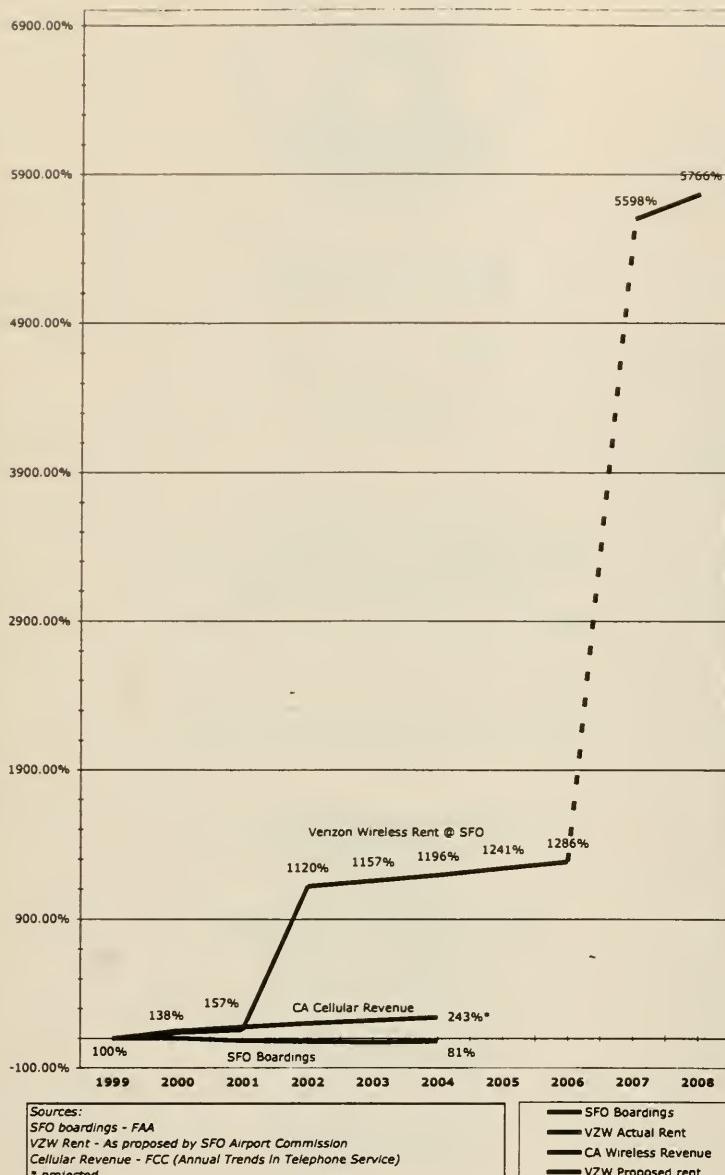
Very truly yours,



Paul B. Albritton

Enclosure

**SFO Cellular Rent vs. SFO Boardings vs. CA Cellular Revenue
(Percentage change - base year 1999)**



Sources:

SFO boardings - FAA

VZW Rent - As proposed by SFO Airport Commission

Cellular Revenue - FCC (Annual Trends In Telephone Service)

**projected*

SFO Boardings

VZW Actual Rent

CA Wireless Revenue

VZW Proposed rent

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 7, 2006

DOCUMENTS DEPT.

9:00 A.M.

FEB 22 2006

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
February 7, 2006

CALENDAR AGENDA		RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:	4
C.		ADOPTION OF MINUTES: Special meeting of January 24, 2006	4
D.		SPECIAL ITEM: 1. Retirement Resolution - Timothy Buckley	4
E.		ITEMS INITIATED BY COMMISSIONERS:	4
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 2. Proposed Budget for FY 2006/2007	5-7
		3. Award Contract 4112R - North and West Field Drainage Improvements - Proven Management	06-0021 7-8
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G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 5. Bid Call - Contract 8638 - South Field Checkpoint Relocation and Consolidation	06-0023 9
		6. Award Contract 8485 - Airport-wide Architectural Improvements - IBEX Enterprises, dba Resource & Design, Inc.	06-0024 9
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J.	CLOSED SESSION: Potential Litigation	11
K.	ADJOURNMENT:	11

AIRPORT COMMISSION MEETING MINUTES
February 7, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:01 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

★ ★ ★

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 24, 2006 were adopted unanimously.

No. 06-0018

★ ★ ★

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Timothy Buckley

No. 06-0019

Resolution thanking Timothy Buckley for 14 years of service.

Mr. John Martin, Airport Director, said that Mr. Timothy Buckley is retiring after 14 years of dedicated service as a Stationary Engineer at the Airport. He always showed the highest level of dedication and commitment to the highest standards of the Airport.

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E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

2. Proposed Budget for Fiscal Year 2006/07 - \$604.3 Million

No. 0020

Resolution approving the Director's recommended
FY 2006/2007 Operating Budget of \$604.3 Million.

Mr. Leo Femin, Deputy Director, Business and finance explained that the proposed budget for FY 2006/2007 is \$604.3 million, which is an increase of \$6.9 million or 1.2% over the current years budget of \$597.4 million.

In the Salaries and Fringes category, we are looking at a total increase of 3.3%. We have added a net increase of 6.5 positions. The budget for salaries also includes a provision for a 3.5% cost of living adjustment, a 10% increase in health and dental premiums, and the City's expected pick up of 7-1/2% of the employees' cost of retirement contributions.

In the Non-Personal Services category, the two largest increases in dollar terms are in the line items "Professional & Specialized Services" and "Other Current Expenses." "Professional & Specialized Services" shows a \$3.8 million or 10.2% increase while "Other Current Expenses" show a \$2.3 million or 39.6% decrease.

The changes in these two line items are due to several reasons. First, we have moved the \$900,000 budget for financial advisors and bond counsel from "Other Current Expenses" to "Professional & Specialized Services," which is the more appropriate category to carry these costs. Secondly, we have added additional funds in the budget for a number of new initiatives such as Green Initiative Program (\$400,000), maintenance of the EDS baggage detection system (\$300,000), a new taxi control and cashiering program (\$100,000), baggage handling in the DD Garage when it opens as a new long term parking facility (\$590,000), a maintenance contract for the six Airport-owned loading bridges in Boarding Area B (\$360,000), and a number of other smaller initiatives. These increases are partially offset by decreases in other line item categories, particularly in "Other Current Expense." Finally, we have added a provision for inflationary cost increases to existing contracts.

The next large increase is in "Materials and Supplies," which we are increasing by \$3.5 million or 38.9%. This is to restock inventory which has been depleted over the last five years, and the purchase of new supplies for facilities maintenance projects in the Electrical Shop, Carpentry Shop, and Mechanical Maintenance. These shops will require lighting fixtures and materials, lumber, hardware, wires, mechanical parts, safety supplies, uniforms and small equipment under \$5,000. There will also be an increase in parts and supplies for the Auto Shop in order to provide for an advance stock of parts for the various heavy duty vehicles and movable equipment the shop maintains, such as the fire trucks, cranes and sewage vector trucks. Should breakdowns occur, such parts would be readily at hand and down time due to the need to order parts will be avoided.

We have budgeted a decrease in expense in a number of areas, the most significant of which is the \$7.3 million decrease in debt service. This reflects the refunding done with Issue 32 last year, and Issue 33, which will be sold a week from today.

Commissioner Strunsky asked if Mr. Fermin reflected the savings the Airport will encounter by not issuing parking passes.

Mr. Fermin responded that there is actually no cost to the Airport for parking passes. The garage has the capacity and whether the spaces are utilized or not there is no incremental cost to the Airport.

Commissioner Crayton noted that "Services of Other Departments" such as Light, Heat and Power only shows a 1.5% increase and felt it should be more than that based on current energy costs.

Mr. Fermin responded that we have heard informally from PUC that they are considering a rate increase of as much as 10%. We have budgeted 10% for electrical costs. This category combines Light, Heat and Power and we have provided for a 10% increase within that work order.

Commissioner Crayton asked if the 6.5 positions being added are new, and, if so, what are they, or is this funding for existing positions that are not filled.

Mr. Fermin responded that these are new positions. A total of 11 positions are being deleting. We are adding 17 positions to partially offset the 11, plus six more positions. We are adjusting the workforce to work that is available. The needs have changed as circumstances have changed, so adjustments have been made. We are adding five painters and two electricians in FOM. We are adjusting the number of supervisory Stationary Engineers. In Administration we are adding clerical staff to assist with the new Contract Support position.

Commissioner Johns asked if there are any new executive positions.

Mr. Fermin responded that there are not.

Commissioner Johns noted that we would be assuming 100% of retirement costs and asked if this were true for all employees.

Mr. Fermin responded that the City has told us that at this point it will be picking up the 7-1/2% employee portion of the retirement contribution effective July 1, 2006. However, almost all of the MOUs expire June 30, 2006. We are told that the City plans to renegotiate the MOUs and the outcome of those negotiations may or may not impact the plan for the City to pick up the 7-1/2%. There may be some cases where rather than the City picking up the 7-1/2% on July 1 in exchange for no salary increases, the MOUs may be negotiated to include salary increases with the City picking up part of the 7-1/2%. We have budgeted for both possibilities ... for 3-1/2% increase in salaries as well as the City picking up the 7-1/2% employee contribution.

Commissioner Johns asked in which category is the Tutor-Saliba litigation budgeted.

Mr. Fermin responded that it is in the City Attorney legal services category.

Commissioner Ito asked if the 15% increase in Travel and Employee Field Expenses is inflationary.

Mr. Fermin responded that we are planning for an increase in airfares primarily. Aviation and Marketing plans to do the same amount of travel, and employees will attend conferences and seminars. Based on information in airline trade publications, with airline capacity and the number of available seats decreasing, we think airfares will rise in the future. A January 2006 Aviation Trends Update said that average U.S. airfares have inched up 1.3% through November, although the average fare in 2005 was still below. However, with available seats poised to shrink 3.9%, industry observers feel that airfares will go up even more. So, we have planned for more expensive airfares in the Travel budget, however, the type of travel will remain pretty much the same.

Commissioner Ito said that the use of Interpreter Services is 50%.

Mr. Fermin said that that budget is for the Interpreter Call Line. We found that there is much more budget than is needed. It is not a cut-back in services, it is a reduction in costs.

Commissioner Strunsky noted that the Airport's total budget is up 1.2%. That is quite an accomplishment of management given that inflation has been close to 3%. To maintain our services and our Airport on a 1.2% increase is significant. Further, our annual service payment to the City is up 2.4%.

Commissioner Crayton noted that Training in 2004/2005 was a \$400,000 line item. It then jumped to \$845,000 in 2005/2006, and \$877,000 in 2006/2007. She asked if this is training for employees, new hires, or diversity training.

Mr. Fermin responded that we have undertaken a fairly extensive training program which includes leadership development for 45 supervisors in a program called 360 Degree Assessment Evaluation. We are also putting 60 supervisors through critical thinking training. We have employee skills development for technological training, work environment safety, regulation and legal compliance updates, aviation and business trend updates, and communication presentation skills.

Commissioner Crayton asked if we have on-going diversity training.

Mr. Fermin responded that we do.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award Contract No. 4112R - North and West Field Drainage Improvements -

Proven Management, Inc. - \$6,595,742.00

No. 06-0023

Resolution awarding Contract No. 4112R, North and West Field Drainage Improvements, to the lowest responsive, responsible bidder, Proven Management, Inc., in the amount of \$6,595,742.00.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that bids for this contract were rejected in December 2005 because the bids came in substantially over budget. The scope was revised and sent out to bid again.

This contract will improve efficiency of Drainage Pump Station No. 2 which takes in a tributary area consisting of about 900 acres. Half of the water that falls on the Airport goes through this Drainage Pump Station.

Three bids were received, with the low bid submitted by Proved for \$6.6 million.

Commissioner Strunsky assumed that the generator is diesel so that the pump station will continue to operate if the power goes out.

Mr. Eavis responded that that is one of the big issues of this upgrade. The entire system would shut down when the old pump station flooded. This will take care of that problem.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Deli Up Café Remote Terminal Lease No. 04-0188

No. 06-0024

Resolution approving (1) the relocation of the premises under the terms and conditions outlined in Attachment 1, (2) Reimbursement to Bassam and Nancy Shihadeh dba Deli Up Café for the unamortized cost of improvements in an amount not-to-exceed \$375,000.

Mr. Fermin explained that the United Express Remote Terminal is located adjacent to the West Field Cargo Project. Deli-Up Café commenced its five year lease last July in that Terminal. Unfortunately, United Airlines ceased operating its United Express flights in that building and integrated them into their gates in Terminal 3, leaving Deli-Up in an empty building and forcing them to close down.

Rather than terminating the lease we are asking approval to relocate Deli-Up to another location should a suitable alternative location become available in the next 24 months. We have no alternative location identified at this time. Should we fail to identify an alternative location in the next 24 months, or, should Deli-Up reject an alternative location, then Deli-Up's lease will be terminated.

This resolution requests reimbursement to Deli-Up for the unamortized costs of their construction work in the remote terminal up to \$375,000. As part of the plan allowing the United Express flights to relocate to Terminal 3, United Airlines has signed an agreement with the Airport to reimburse the Airport for this cost.

Commissioner Strunsky assumed that Deli-Up will be reimbursed fairly soon.

Mr. Fermin responded that the owner has been asked to submit the receipts so that we can verify the costs. We will proceed with the reimbursement as soon as we receive the receipts and complete the review process.

Commissioner Johns asked if it was all fixed costs.

Mr. Fermin responded that it was mostly fixed costs. The Café, the stand, the build-out and the interior improvements. He did a very nice job.

Commissioner Ito asked if they had another location

Mr. Fermin responded that they have a lease in the International Terminal in Boarding Area G.

★ ★ ★

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 9, was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Bid Call - Contract 8638 - South Field Checkpoint Relocation and Consolidation

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0025 | Resolution approving the scope, budget, and schedule for Contract No. 8638, South Field Checkpoint Relocation and Consolidation, and authorizing the Director to call for bids when ready. |
| <u>Award Contract No. 8485 - Airport-Wide Architectural Improvements - IBEX Enterprises, dba Resource and Design, Inc. - \$1,149,299.00</u> | |
| No. 06-0026 | Resolution awarding Contract 8485, Airport-Wide Architectural Improvements to IBEX Enterprises, dba Resource and Design, Inc., in the amount of \$1,149,299.00. |
| <u>Reject All Bids - Contract No. 3832 - West Underpass Barrier Rail Replacement</u> | |
| No. 06-0027 | Resolution rejecting all bids for Contract No. 3832, West Underpass Barrier Rail Replacement, and authorizing the Director to re-bid when ready. |

8. Authorize Staff to Seek, Accept and Expend Funds from Bay Area Air Quality Management District for Clean Air Vehicles - \$1,500,000.00

No. 06-0028

Resolution authorizing Airport staff to seek, accept, and expend funds from the Bay Area Air Quality Management District in the amount of \$1,500,000 to encourage Airport operators to acquire clean air vehicles.

Commissioner Johns asked how these entities apply for this grant money.

Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that the money comes from the State and must go to a government agency. We act as a pass-through agency. We accept the funds, process the application and the funds pass from us to the operator.

Commissioner Johns asked who makes the decisions on who receives funds.

Mr. McCoy responded that we simply follow the State guidelines. For instance, it is \$2,000 for a hybrid vehicle and \$4,000 for a CNG vehicle. Each operator applies through the Airport.

Commissioner Johns asked who decides who receives the money if there is competition for the funding.

Mr. Martin presumed that the Bay Area Air Quality Management District made decisions based in part on anticipated mileage of the vehicle and, therefore, which applicant would produce the greatest reduction in emissions.

Commissioner Johns said that an earlier memo to the Commission regarding this issue noted that taxicabs had the smallest percentage of clean air vehicles. She wondered if there was a way to work these two different processes.

Mr. McCoy responded that taxi operators understand the process, it is just a matter of whether they want to make this decision. In 2004 we expended only \$400,000, but the money is available to anyone who wants to use it.

Commissioner Johns asked if there is some way we can promote this opportunity.

Mr. McCoy responded that the Airport has an employee whose responsibility is outreach for this program. All Airport permitted ground transportation operators are aware of this. Lower trip fees are offered to hotels using clean air vehicle vans in addition to being reimbursed through this grant money.

Last year we had 35 CNG taxis, 14 hotel vans, and South San Francisco Scavenger purchased a clean energy truck to pick up the dumpsters at SFO. The vehicle was on hold until they were awarded the contract.

9. Renewal of the Memorandum of Understanding with the San Francisco Aeronautical Society

No. 06-0029

Resolution approving the renewal for a five year term of the Memorandum of Understanding with the San Francisco Aeronautical Society.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:30 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 21, 2006

DOCUMENTS DEPT.

MAR - 8 2006

9:00 A.M.

SAN FRANCISCO
PUBLIC LIBRARY

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
February 21, 2006

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C.	ADOPTION OF MINUTES: Regular meeting of February 7, 2006		06-0028	3
D.	ITEMS INITIATED BY COMMISSIONERS:			3
E.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 1. Award Contract 8300 - Runway 1R-19L Overlay and Reconstruction - Granite Rock Company, dba Pavex Construction		06-0029	3-4
	2. Award Contract 8433A - Old Boarding Area "A" Abatement and Demolition - ICONCO/LVI Demolition Services			4
F.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 3. Construction management Services for West Field Cargo Redevelopment, Phase 1 - EPD Consultants		06-0030	4-5
	4. Modification No. 4 to Professional Services Agreement with Leigh Fisher Associates		06-0031	5-6
	5. Rental Credit to D-Lew Enterprises, LLC		06-0032	6
	6. Authorize Staff to Execute Memorandum of Understanding with San Mateo City/County Association of Governments		06-0033	6
G.	NEW BUSINESS:			6
H.	CORRESPONDENCE:			6
I.	CLOSED SESSION: Pending Litigation: Alex Cotta v CCSF Potential Litigation			6-7
J.	ADJOURNMENT:			7

AIRPORT COMMISSION MEETING MINUTES

February 21, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Michael S. Strunsky, Vice President Hon. Caryl Ito Hon. Eleanor Johns
Absent:	Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 7, 2006 were adopted unanimously.

No. 05-0028

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

K. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Award Contract No. 8300 - Runway 1L-19R Overlay and Reconstruction Granite Rock Company, dba Pavex Construction - \$12,692,017.00

No. 06-0029	Resolution awarding Contract No. 8300, Runway 1L-19R Overlay and Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction, in the amount of \$12,692,017.00.
-------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this contract provides for the overlay and reconstruction of Runway 1L, widening the runway shoulders and upgrading the electrical runway lighting system. Seventy-five percent of the contract cost will be paid by FAA Grants ... A.I.P. 28 and 31. The award amount is within the construction budget, and the contractor has met the DBE goals.

Commissioner Strunsky asked if this is going to affect flight operations.

Mr. Eavis responded that 1L is one of the least used runways because it can't be used by larger aircraft. We will work with the airlines to come up with a schedule that will have the smallest effect on operations.

Item No. 2 was removed from the calendar without discussion.

2. Award Contract No. 8433A - Old Boarding Area "A" Abatement and Demolition
ICONCO/LVI Demolition Services - \$5,503,319.00

Resolution awarding Contract No. 8433A, Old Boarding Area "A" Abatement and Demolition to ICONCO/LVI Demolition Services in the amount of \$5,503,319.00.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 3 through 6, was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Construction Management Services for West Field Cargo Redevelopment,
Phase 1 - EPC Consultants, Inc. - \$178,500.00

No. 06-0030

Resolution awarding Professional Services Agreement, Contract No. 8226.9, Construction Management Services for the West Field Cargo Redevelopment, Phase 1 (Project 8226) to EPC Consultants, Inc., with an initial budget of \$178,500.00 for services through December 31, 2006.

Commissioner Ito asked if this is an MOU.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction responded that we have an MOU with the Department of Public Works (DPW) for these services and design services on this and other contracts.

Commissioner Ito said that it sounded like the MOU might change.

Mr. Satero responded that the MOU is signed by both parties ... DPW and the Airport. The concern is that if DPW or the Airport were unable to provide staff in concert with the timing of the project, we would then have an opportunity to assign it to consultant staff. We are receiving resumes and we are looking at phasing in the staff. At this point there is no indication that they will not be able to meet the commitments.

Commissioner Strunsky asked if EPC has done work with us in the past.

Mr. Satero responded that they were subconsultants on several teams during the Master Plan. They were a subconsultant to SFO Associates on the International Terminal, and the construction management firm for the West Field Cargo Airborne replacement building and the U.S. Postal facility.

4. Modification No. 4 to Professional Services Agreement with Leigh Fisher Associates - \$25,000

No. 06-0031

Resolution approving Modification No. 4 to Professional Services Agreement with Leigh Fisher Associates in an amount not to exceed \$25,000 to update the Airport's Public Parking Rate Model and provide Parking Revenue Analysis support.

Commissioner Johns asked if Leigh Fisher has experience in this area.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that Leigh Fisher provides parking consulting and analysis work to major airports across the country. One thing we have asked them to do over time ... and is part of this modification ... is to prepare an analysis of parking demand and sensitivities, i.e., statistical analysis on fluctuations on volume and revenue at different parking rate levels. If we were to consider adjusting rates downwards or upwards, or changing the hourly rates for different increments of time, we would do an analysis of the various sensitivities of those rates and the potential impact on parking usage at the Airport.

We are doing statistical analysis support, and volume and metric analysis of the parking activity in all of our garages.

Commissioner Johns asked if this had anything to do with the upcoming parking contract.

Mr. Fermin responded that it did not. This work will include analysis of different potential long term parking rates that we might want to consider in the new garage ... whether we adjust the rates or not, what we expect the closure of the DD parking lot will have on our overall parking revenues. Part of this work will cover the long term parking activities as well. The greater part of this work will also address our central garages and our short term parking lots.

Commissioner Johns said that it is mainly focused on rates.

Mr. Fermin responded it is rates structure, usage, volume ... number of transactions, i.e., cars entering and exiting.

5. Rental Credit to D-Lew Enterprises, LLC - \$9,750.00

No. 06-0032

Resolution approving a rental credit of \$9,750.00 to D-Lew Enterprises, LLC for catering services.

6. Authorize Staff to Execute Memorandum of Understanding with the San Mateo City/County Association of Governments

No. 06-0033

Resolution authorizing Airport Director to execute Memorandum of Understanding with San Mateo City/County Association of Governments for the development of a hydrogen refueling station.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:13 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Alex Cotta et. al. v. CCSF, San Francisco Superior Court Case No. CGC 04-

437229; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:34 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:35 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

MAR 21 2006

March 7, 2006

SAN FRANCISCO
PUBLIC LIBRARY

9:00 A.M. - Closed Session

9:30 A.M. - Open Session

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
March 7, 2006

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D.	ADOPTION OF MINUTES: Regular meeting of February 21, 2006		06-0034	4
E.	SPECIAL ITEMS: 1. 2005 Employee of the Year Award - Jelina Enriquez 2. 2005 Team Recognition Service Award		06-0035 06-0036	5 5-6
F.	ITEMS INITIATED BY COMMISSIONERS:			6
G.	POLICY: 3. Amendment to the worker Retention Policy by Including the SFO Medical Clinic		06-0037	6
H.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 4. Award Contract 8433A - Old Boarding Area A Abatement and Demolition - A&B Construction 5. Modification No. 4 to Contract 5703A, Phase II - AirTrain Operations and Maintenance - Bombardier Transportation (Holdings) USA			7-11 11-12
I.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 6. Award Contract 8505 - Lot DD Canopy and Windscreen - Trico Construction		06-0039	12-13

7.	Modification No. 1 to Contract No. 8329 - Parking Access Revenue Control System (PARCS) - Scheidt & Bachman USA	06-0040	13
8.	Bid Call - Contract 8359 - Taxicab Management Control system Electrical Infrastructure	06-0041	13
9.	Extend Existing SFO medical Clinic Contract with Catholic Healthcare West dba St. Mary's Medical Center	06-0042	14
10.	Modify Resolution 05-0243 Awarding Professional Services Agreement, Contract 8204.9, Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area "G" Secure Connector (Project 8204) to Reflect Consultant Name Change to The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., A Joint Association	06-0043	14-15
11.	Airport Improvement Program Project No. 3-06-0221-36 Project Application	06-0044	15
12.	Huong Thi Diep dba S&T Catering - Garage Taxi Staging Area Mobile Catering Truck Lease "A" and "B" - Exercise Second One- Year Option to Extend the Term	06-0045 06-0046	15-17

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K. CORRESPONDENCE:

L. ADJOURNMENT:

AIRPORT COMMISSION MEETING MINUTES

March 7, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:10 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation entitled CCSF v. Tutor-Saliba Corporation et al., U.S. District Court Case No. 02-5286 CW (EMC); and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The Commission reconvened its public session at 10:00 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

D. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 21, 2006 were adopted unanimously.

No. 06-0034

E. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. 2005 Employee of the Year Award

No. 06-0035 Resolution commending Jelina Enriquez on her outstanding level of dedicated and professional service to the Airport.

Mr. John Martin, Airport Director said that Ms. Enriquez has been with the Airport for 15 years, starting as a clerk typist while attending college at night. She moved her way through the ranks in the Budget Office. Jelina is now a Senior Administrative Analyst. During 2005 she led the preparation of the \$597 million budget in the absence of a budget manager.

Jelina has always demonstrated a can-do attitude ... whatever it takes to get the work done. She has always promoted good will among her fellow employees and has always showed a great attention to detail that is required in the Budget Office. She has excellent relationships with staff, the Mayor's Office and the Board of Supervisors Budget Analyst Office.

Mr. Martin said that he has known Jelina during her 15 years at the Airport and he is very proud of her successes and for this recognition today.

Mr. Enriquez thanked the Commission and the Director for the opportunities she has received at the Airport and for this honor.

Item No. 2 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

2. 2005 Team Recognition Service Award

No. 06-0036 Resolution commending the Food and Beverage Project Team's outstanding level of dedicated and professional service to the Airport.

Mr. Martin said that Food and Beverage Team did an outstanding job in putting together this industry leading program. Approximately 100 staff members from throughout various Airport divisions were involved. We could not single out individual names but acknowledged Mr. Jackson Wong, the ultimate leader of the team, and Gary Franzella, Associate Deputy Director of Business and Finance.

He also recognized the following staff members and team leaders ... Sunita Puli, Eddie Dobbins, Dave Dunn, Matt McCormick, Tom Rodrigues, Gina Priest, Esther Tell, and Dorothy Bong-Shao were involved from the very beginning.

Team leaders on the project side ... Tom Rodrigues, Jorge Garcia, Bob Rotiski, and Dave Dunn. This was a tremendous program and a tremendous team effort.

There will be a small program at the Airport to recognize all of the team members involved.

Mr. Jackson Wong, Chief Operating Officer, said that this was a very difficult project. These people were out in the field every day dealing with concession operators, designers, contractors, etc. and still kept the Airport running during this process. This was a total team effort and it was a privilege to be a part of this team.

Commissioner Strunsky said that this was truly an accomplishment. He finds that people are no longer afraid to eat at the Airport.

Commissioner Mazzola agreed.

Commissioner Ito noted comments that she hears while waiting for flights that Airport food has changed considerably. She said it was very gratifying.

Commissioner Johns said that this idea began with Mayor Brown and that this project was like climbing Mt. Everest. They could not have done it without the help of Airport staff. She is very proud of what has been accomplished and the example we are setting for the country.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

G. POLICY:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Amendment to the Worker Retention Policy by Including the SFO Medical Clinic

No. 06-0037	Resolution amending the Commission's Worker Retention Policy to include the SFO Medical Clinic.
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Mr. Martin explained that this item simply extends the Worker Retention Policy to include the Medical Clinic. The existing policy includes major operating contracts such as the parking garage, information booths and curbside management program. This insures consistency for the Medical Clinic employees.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote was 4-1 against approving the award to A&B Construction. Commissioner Strunsky cast the lone vote for approval.

4. Award of Contract No. 8433A - Old Boarding Area "A" Abatement and Demolition - A&B Construction, Inc. - \$5,507,800.00

Resolution awarding Contract No. 8433A, Old Boarding Area "A" Abatement and Demolition to A&B Construction, Inc., in the amount of \$5,507,800.00.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction explained that this resolution awards Contract No. 8433A, Old Boarding Area "A" Abatement and Demolition to A&B Construction, Inc. for asbestos abatement, building and infrastructure demolition and site remediation of contaminated soil and groundwater within the footprint of Old Boarding Area A.

As part of the Capital Plan, the Airport is proceeding with the program to activate the remaining three gates in International Terminal Boarding Area A ... A1, A3 and A5. During the Master Plan the build-out and opening of these gates in the International Terminal was deferred to allow for the continued operation of USAir out of the old Boarding Area A. With the merger of USAirways operation with America West and the combined airline consolidation into Boarding Area B, the Airport is now able to proceed to demolish Old A and activate these three gates. This will allow the Airport to continue to meet the growth in international traffic, as well as accommodate additional domestic activity within the International Terminal Boarding Area A.

The demolition of the old Boarding Area A is the first phase of the Activation of the A Gates program. Following this work, the Airport will proceed with the construction of the apron and taxiways, infrastructure work and the aircraft servicing utilities.

The Airport will also activate a deferred baggage claim carousel on the A side of the International Terminal.

Three bids were received on this contract. The bids are all within \$4,500 of one another. The high bid, with a bid of \$5,507,800, was submitted by A&B Construction. However, the HRC has determined that A&B Construction is eligible for a 10% bid preference, as they are a certified DBE firm. Therefore, A&B was determined to be the low bidder.

Bid protests were received from the other two bidders, Cleveland Wrecking Company and ICONCO/LVI Demolition Services. The bases for the two protests were similar in nature, and contended that 1) A&B improperly completed the Document 00483, claiming a bid preference of 5% for submitting as a DBE joint venture; 2) the documents submitted by A&B were not signed by an authorized

representative of the company; 3) A&B failed to list a dewatering subcontractor; and, 4) A&B lacks the required experience to perform the abatement and demolition work.

Airport staff, the City Attorney's Office and the HRC have reviewed the various claims. A&B has provided additional documentation in response to the bid protests, and the Airport has determined that the protests are without merit.

The HRC local DBE subcontracting goal is 9%. A&B exceeds this goal with a stated DBE participation level of 9.91%.

Funding for this contract will be provided from the Activation of A Gates Program budget and operating funds.

Mr. John Weber, ICONCO/LVI Demolition Services spoke into a non-functioning microphone and his comments were not audible on the tape. Attached is a copy of Mr. Weber's protest letter (Attachment No. 1)

Commissioner Strunsky noted that Mr. Weber said that he had been awarded the contract and asked Mr. Weber if he had received a letter or phone call. This is the first he heard that the contract was awarded.

Mr. Satero responded that after opening the bids an apparent low bidder is determined. An "apparent low bidder" notice was sent. Staff had an indication that A&B was not a certified DBE firm so an apparent low bidder notice was sent. When it was determined that A&B was a certified DBE, a revised notice was sent.

Mr. Rob Maerz, Airport General Counsel, explained that the Commission awards contracts and unless the Commission had previously awarded this contract to A&B, there was no award.

Commissioner Crayton asked what the low bidder notice states.

Mr. Weber read from the notice: "None of the above bidders qualified for a DBE/LBE bid discount. Airport has selected ICONCO/LVI Demolition Services as the apparent low bidder for this Contract on the basis of Base Bid amounts."

Mr. John Ralls, attorney with Thelen Reid and Priest, representing ICONCO/LVI said that the starting point is that there was an admitted mistake in the filling out of the bid form by A&B. They checked the box for claiming the joint venture percentage for HRC as opposed to the 10% advantage. Under the JV they would have received 5%.

They started to fill out the JV form on page 2 of the HRC form, and other parts of their bid indicate that they are bidding it by themselves.

There are anomalies in their bid that cannot be disputed. The issue is whether they are inconsequential or consequential. The standard is whether they received a competitive advantage, and they did.

The reason they received a competitive advantage is because they could have backed out of this bid. They could have easily said that they did not fill out the forms properly and were not entitled to claim an HRC bid advantage of any sort because they are not a joint venture. They did not fill out the forms properly so they could have backed out of their bid. Because they could have backed out, under the Valley Crest Case, it gives them an advantage ... it gives them two bites of the apple. No other bidder had that opportunity. That is what makes this different and removes it from the "inconsequential" type of advantage that the Airport would have the right to waive. The proof of that is the February 10, 2006 letter where they are reviewing the bids and see that A&B has checked the joint venture box. If they had calculated the bids straight out, ICONCO/LVI is low. That is the proof ... that A&B could have backed out if it wanted to. Under Valley Crest, the fact that they did not back out is of no moment .. the issue is that they could have. That is the legal basis and what gives them the competitive advantage that no other bidder enjoyed.

Commissioner Johns asked what was meant by an advantage ... if they back out, they back out.

Mr. Ralls explained that bids are supposed to be binding. It is a distinct advantage for a bidder to be able to back out of a bid.

Commissioner Johns said that perhaps they didn't back out because they didn't want to and they thought they were correct.

Mr. Ralls said that that was undoubtedly was the case. But because they could have backed out ... that was exactly what happened in the Valley Crest case. Public Contract Code 5103 provides for backing out of bids in the event of mistakes. It's not a mistake because you failed to read the plans properly, you made an error in judgment, or you didn't understand the project well enough.

Commissioner Strunsky said that it seemed to him that any acceptance of an inconsequential irregularity in a bid is an opportunity to back out of a bid. In all of his years on this Commission we have had a policy that allows a contractor to back out of bids and he does not ever recall enforcing a bid bond. It's a bad idea because as the owner of the project we want the best possible project. You do not want a contractor trying to cut corners. We have often let contractors out of their bid because of a claimed mistake in calculations.

Ms. Janette Leonidou, Leonidou and Rosin, attorney representing A&B Construction said that Mr. Ralls' statement that contractors can back out for any number of reasons if there is an error is inaccurate. The error has to be material and material is defined by "a mistake that resulted in a bid not being what the bidder intended to submit." That means where a mathematical error was made in the price or a subcontractor was listed erroneously.

What it doesn't mean is erroneously filling out a form that is contrary to what the reality is. That is the bottom line. A&B Construction is a certified DBE. In some 0 pages of their bid they said that the bidder is A&B Construction. They did not say they were a JV. They also filled out a form that says they are a DBE and they

are not submitting the bid as a joint venture.

When the currier submitted the bid he was asked if the bidder was submitting it as a joint venture. The currier responded that he was not sure but he thought so. He then filled out the extraneous form. So it conflicts with everything else that is in the bid package. But the bottom line is that none of this really matters because what the cases say, including Valley Crest, is what matters is the reality. Is A&B a DBE or not? The fact is that they are a DBE. They have been determined by the HRC that they are a DBE and they are entitled to the award.

A good analogy is a contractor that forgot to put his license on the bid forms. You wouldn't decide to award to another contractor because of that; you would check to see if he was licensed.

Similarly, you aren't going to award to another contractor because A&B erroneously filled out one form; you are going to look at whether or not they are a DBE ... and they are. Again, the majority of the paperwork they submitted says they are a DBE and not a joint venture. This is just another example of another contractor trying to take advantage of a clerical error.

Commissioner Mazzola asked if we knew that A&B was a DBE contractor when they bid.

Mr. Satero responded that they did the check Friday night after the bids were received but could not find A&B on the HRC website.

Commissioner Mazzola asked if they received their DBE award after their bid.

Mr. Satero responded that they have been a DBE for some time.

Commissioner Mazzola asked if our forms contain a box they says "DBE contractor."

Mr. James Fields, HRC, said that HRC Form 1 does declare "DBE contractor" and that box was checked.

Commissioner Mazzola assumed that the information was missed and that is why the notice was sent to ICONCO.

Mr. Fields responded that A&B is certified as "Andrew M. Jordan dba A&B Construction" but the documents came in A&B Construction. That is why we did not know immediately that the firm was a certified DBE.

Commissioner Mazzola asked if they were doing business under a name that is different from the one that certified them as a DBE.

Mr. Fields responded that that is correct.

Commissioner Strunsky asked Mr. Maerz if that is acceptable ... do the registrations carry over between an individual and the dba.

Mr. Maerz responded that it does. Mr. Maerz said that in examining the bid we look to the totality of the bid documents rather than one particular box as opposed to the other forms that are included. He agrees with the analysis of A&B's attorney ... the critical question is was A&B a certified DBE at the time of the bid opening? If they were a DBE, they are entitled to the preference. Regardless of whether they incorrectly checked the box, it does not change the status of their DBE certification at the time the bid was submitted.

Commissioner Johns felt that this was too confusing. If a letter went out saying "you have been selected" she could not vote for this.

Mr. Martin said that we have notified other contractors in the past that they were the apparent low bidder and during a review of the documentation effort with HRC we found errors and revised that notification.

Item No. 5 was moved by Commissioner Crayton and was seconded by Commissioner Ito. The vote to approve was unanimous.

5. Modification No. 4 to Contract No. 5703A, Phase II - AirTrain Operations and Maintenance - Bombardier Transportation (Holdings) USA, Inc. - \$1,889,773.00

No. 06-0038

Resolution approving Modification No. 4 to Contract 5703A, Phase II AirTrain Operations and Maintenance with Bombardier Transportation (Holdings)USA Inc. in the amount of \$1,889,773 for a new contract amount of \$22,323,622, as specified in Section 4.1 of the Phase II Operations and Maintenance Provisions, General Requirements - Economic Price Adjustment, changes for unanticipated operating conditions and Airport requested changes. Funding will be provided from the Airport's Operating Budget.

Mr. Satero explained this modification provides for the Phase II O and M contract ... obligated escalation for materials and labor as well as for various operational changes.

The original contract, awarded in 1998, provides for both Phase I construct, install, test and demonstrate of the AirTrain system as well as Phase II operation and maintenance. Bombardier Transportation has been operating the system since its opening in February 2003. In November the Commission awarded Year 1 of three option years, following expiration of the initial three-year O&M period.

This modification will provide for cost escalation of materials and labor, which is calculated based on the contract provisions utilizing labor rates for Electricians and Stationary Engineers in San Francisco. Materials escalation is based on the CPI indices established for machinery and equipment by the US Bureau of Labor Statistics.

The modification also provides for various change orders related to improving the customer experience and improving the reliability of AirTrain-related Airport systems that support AirTrain.

Both the initial three-year term as well as the three one-year options were competitively bid as part of the original contract. Airport staff has analyzed the cost effectiveness of continuing with this contract through the Options Years and has determined that the Airport realizes significant economic and operational benefits by continuing with the contract.

Funding will be provided from the Airport's Operating Budget.

The HRC has determined that Bombardier has met its Phase II MBE/WBE subcontractor participation requirement of 8%.

Commissioner Crayton asked if there is any litigation regarding this system.

Mr. Maerz responded that there is on-going litigation involving the insurer for both Bombardier and the Airport having to do with the AirTrain accident that resulted in damage to some of the vehicles. That litigation is on-going and we have recently included Bombardier in that litigation.

Commissioner Strunsky noted that he was missing Attachment A.

Commissioner Mazzola asked if Attachment A was a summary.

Mr. Satero responded that it is a summary of the modifications to date as well as this Modification No. 4

Mr. Satero explained that the escalation is really the driver of this. The escalation is \$1.3 million of the total modification amount. There is support work related to monitoring the power to the system ... \$400,000 in purchase of electrical equipment and work authorized to monitor the incoming power. We experienced a spike at one point and were concerned about the power that came to the system. Those were the two big items totaling \$1.7 million of the \$1.89 million.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Commissioner Strunsky moved that Commissioner Ito be recused from discussing and voting on Item No. 9. The motion was seconded by Commissioner Crayton. The vote to recuse Commissioner Ito was unanimous.

The Consent Calendar, Item Nos. 6 through 12, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. Award Contract No. 8505 - Lot DD Canopy and Windscreen - Trico Construction, Inc. - \$483,015.00

- No. 06-0039 Resolution awarding Contract No. 8505, Lot DD Canopy and Windscreen, to the lowest responsive, responsible bidder, Trico Construction, Inc., in the amount of \$483,015.00.
7. Modification No. 1 to Contract No. 8329 - Parking Access Revenue Control System (PARCS) - Scheidt & Bachmann USA, Inc. - \$114,328.00
- No. 06-0040 Resolution approving Modification No.1 to Contract 8329, Parking Access Revenue Control System to Scheidt & Bachman USA, Inc. in the amount of \$114,328.00 for infrastructure work and additional concrete work required to complete the Airport-wide implementation of PARCS.
8. Bid Call - Contract No. 8359 - Taxicab Management Control System Electrical Infrastructure
- No. 06-0041 Resolution approving the scope, budget, and schedule for Contract 8359, Taxicab Management Control System Electrical Infrastructure, and authorizing the Director to call for bids when ready.

Commissioner Johns asked if this is for construction and if it has an IT component.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this item is a construction contract for the electrical components of the system ... the gut work and the civil work that goes with it. It is not the IT component.

Commissioner Johns asked when the IT part comes about.

Mr. Eavis responded that it will be after we put in the necessary infrastructure.

Commissioner Johns asked how we know that we have the necessary infrastructure if we don't know what we are going to be installing.

Mr. Eavis responded that we know what will be installed. We already have the software that goes with this system. We have specifications of what is needed and we will build to those specifications.

Commissioner Johns asked where we got the specifications.

Mr. Eavis responded that the specifications came with the software when the parking control system was purchased.

Commissioner Johns asked who will run the system.

Mr. Martin responded that it will be under Parking Management.

9. Extend Existing SFO Medical Clinic Contract with Catholic Healthcare West dba St. Mary's Medical Center - \$167,500.00
- No. 06-0042 Resolution authorizing the Director to extend the existing SFO Medical Clinic contract with Catholic Healthcare West dba St. Mary's Medical Center for a three-month period starting July 1, 2006 through September 30, 2006 at an amount not to exceed \$167,500.00.
10. Modify Resolution 05-0243 Awarding Professional Services Agreement, Contract 8204.9, Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area "G" Secure Connector (Project 8204) to Reflect Consultant Name Change to The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., A Joint Association from The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., A Joint Venture
- No. 06-0043 Resolution modifying Resolution 05-0243 Awarding Professional Services Agreement, Contract 8204.9 Construction Management Services for Terminal 1 AirTrain Pedestrian Bridge and Mezzanine (Project 5706B) and Terminal 3/International Terminal Boarding Area "G" Secure Connector (Project 8204) to reflect Consultant name change to The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., A Joint Association from The Allen Group, LLC, Townsend Management, Inc., & Cooper Pugeda Management, Inc., A Joint Venture.

Commissioner Crayton asked what the difference was between a joint venture and a joint association.

Mr. Satero said that it is how they structure themselves with regard to their sharing of liability and insurance coverages. Joint ventures are required to get a joint venture Federal employee I.D.

They submitted their proposal as a joint venture, assuming that is how they would be structured. When they began the process they found that it would be much more rigorous.

Commissioner Strunsky noted that a joint venture means that the partners are jointly and severally responsible ... if one of them goes out of business the other is responsible for finishing the job. Is that true of a joint association? Are we giving them something here other than just a change of title.

Mr. Maerz responded that he has no familiarity with this particular joint association so he cannot answer the question.

Commissioner Strunsky said that if this Commission isn't being asked to change their specifications or responsibility then he has no problem with approving this.

Mr. Satero responded that this is a reimbursables contract ... a performance-based contract with the Airport reimbursing them for actual costs.

Mr. Timothy McCormick, Deputy City Attorney added that a joint association isn't a legally recognized business form. It is for licensing and tax purposes. It is a general partnership as far as we are concerned and their legal responsibilities to us. A joint venture, unless it is incorporated, is a general partnership between the two entities.

11. Airport Improvement Program Project No. 3-06-0221-36 (Grant No. 36) Project Application

No. 06-0044 Resolution authorizing the Director to execute and file a Project Application with the Federal Aviation Administration for Federal Assistance.

12. Huong Thi Diep dba S&T Catering - Garage Taxi Staging Area Mobile Catering Truck Lease "A" and "B" - Exercise Second One-Year Option to Extend the Term

No. 06-0045 Resolution exercising the second one-year option under Garage Taxi Staging Area Mobile Catering Lease "A" No. 04-0117, and Lease "B" No. 04-0028 to Huong Thi Diep dba S&T Catering.
No. 06-0046

Commissioner Johns said that there were complaints previously regarding what the catering truck was providing.

Mr. Leo Fermin, Deputy Director, Business and Finance said that Mr. Taranto was present to speak about the truck. Staff believes the caterer has been very responsive. Every complaint made by Mr. Taranto was investigated by staff and in every instance staff found that the operator was responsive and made the necessary corrections. Staff also visited the other seven catering trucks located throughout the Airport and found that this operator has as many selections, if not more than the other catering trucks. He has eaten at the truck and while he admits that it is catering truck food and not gourmet quality, the meal that he ordered was to his satisfaction. He felt the prices were fair.

The only complaints received in the last year have been from Mr. Taranto. We have never had a complaint from any other person in that area, and on average 2,500 cab drivers pass through there every day. Mr. Taranto has his opinion and he is here to speak to that.

Mr. Barry Taranto said that you haven't heard from other people, but they vote by spending their money elsewhere. He will not spend a dime at this catering truck.

They buy Costco drinks and they charge the same price for a Costco beverage as they do for a regular Coke.

There is no cafeteria at the Airport and he deserves quality food. This operator puts four vegetables in salads and they take five hours to prepare it. By that time he has lost his place in line.

During the lunch hour the food is fresh and good but in the evenings, when he is at the Airport, the salads are pre-prepared and there is no fresh fruit. They deserve good quality because they are a captive audience. The operator marks his food up high on items that he buys in bulk at Costco.

There should be two different caterers for the day and night shifts. There should be vending machines in the overflow lot to purchase beverages and snacks when the truck is not there. Sometimes the truck leaves early. The owner is rarely there.

The only good thing about this truck is that the bathroom is only 30 feet away.

The cab drivers deserve not to be poisoned, they deserve quality food, and they don't deserve to be gouged. Competition is important. They should also get employee discounts at any of the vendors throughout the Airport.

Commissioner Johns asked how long they have had this contract.

Mr. Fermin responded that the original lease began in July, 2004, and this is the second one year option.

Commissioner Johns asked if the other catering trucks were on the same schedule. Why have we decided to go for the option rather than re-bid the lease.

Mr. Fermin responded that there was very little interest the last time we bid this contract so we feel that it is best to leave this truck in place for another year. We can go out to bid if the Commission desires.

Commissioner Johns asked if we monitor to make sure that the operator is there when he is supposed to be there.

Mr. Fermin responded that we do not have a formal schedule. Staff does visit him from time to time but we don't have a regular inspection of his attendance.

Mr. Martin said that he will have the Duty Managers perform a regular check in the next month to make sure that he is adhering his contract terms.

Commissioner Mazzola said that he thought he heard Mr. Taranto say that cab drivers get employee discounts.

Mr. Gary Franzella, Associate Deputy Director, Business and Finance responded that some time ago, in response to feedback from Mr. Taranto, we were able to get Pete's Coffee and Subway to agree to give the employee discount to cab drivers.

Commissioner Mazzola asked if we can work with this caterer to provide a discount as well.

Mr. Franzella responded that we have worked extensively along those lines. We have met with the operator and reviewed every single price and we've looked at the products on the truck. We don't look at it routinely at 7:00 PM and could use help in that area, but we are committed to addressing this complaint and any others with the operator. We don't find the operator doing anything outside of the lease. On one or two occasions where we have found minor infractions, we have found the operator responsive. That is why are comfortable bringing this last option to you.

Mr. Fermin added that Mr. Taranto had complained about the lack of fresh salads. Staff met with the operator regarding that issue and was told that they make salads from scratch instead of offering pre-prepared salads because of the lack of demand and the perishability of the vegetables.

Commissioner Crayton said that it is a truck ... it is what it is. They have worked with Airport staff to upgrade. Clearly it is supply and demand and they have to sell at a certain price to break even and make a profit. She understands what is going on. There is not a great supply of people who want to do that.

* * *

J. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto reiterated his request for beverage vending machines.

On Sunday night the Airport ran out of cabs. One of the ticket machines as you enter the garage broke down and AMPCO neither fixed it nor put out cones. He hoped that the Airport will look at a more responsible company when it goes out to bid.

AMPCO fails to put toner in the machines so that the tickets are readable.

Noel Pinto makes sure that the staffing levels at the cashier booths are up to par. He's a great employee.

A problem resulted when the Duty Manager instructed cabs to bypass the lot and go to the stands because the lines were too long. However, there was very little monitoring to make sure the cabs went back to the garage when the shortage eased. Those that went back to the garage paid \$4.00, and those that didn't did not have to pay.

There is still a lot of solicitation in the baggage claim areas, and town cars and limousines are pulling up at the crosswalks.

* * *

K. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:50 A.M.


Jean Caramatti
Commission Secretary



ICONCO/LVI Demolition Services, 4700 Coliseum Way, Oakland, CA 94601-5008
 (510) 261-1900 Office 510/261-2459 Fax lcampost@lviservices.com

February 16, 2006

VIA HAND DELIVERY

Mr. Iva Satero
 Deputy Director
 Planning Design & Construction
 San Francisco International Airport
 710 North McDonnell Road
 P.O. Box 8097
 San Francisco, CA 94128

**Re: Bid Protest of ICONCO/LVI Demolition Services
 Airport Contract No. 8433-A
 Old Boarding Area "A"
 Abatement/Demolition Project**

Dear Mr. Satero:

ICONCO/LVI Demolition Services protests the award of the above Project to anyone other than ICONCO/LVI. The Airport Commission has a duty to award the Project to the responsible bidder that submitted the lowest, responsive bid. As explained below, ICONCO/LVI is the responsible bidder with the lowest, responsive bid for the Project. The bid of A&B Construction, Inc. was higher, was non-responsive, and there is every indication that A&B lacks the requisite experience to be a responsible bidder for abatement and demolition work.

Bid Results – ICONCO/LVI Was Low and A&B Cannot Claim the HRC Discount

As set forth in the Commission's award letter dated February 10, 2006 the bid results for the Project were as follows:

ICONCO/LVI Demolition Services	\$5,503,319.00
Cleveland Wrecking Company	\$5,506,312.00
A&B Construction, Inc.	\$5,507,800.00

Based on these results, the award was made initially to ICONCO/LVI. However, that award was reversed, and the work awarded to A&B Construction, based on the claim

that A&B was entitled to an HRC Discount. A&B is not entitled to the HRC Discount for this job.

In order to claim the HRC Discount, a bidder must follow the pertinent provisions of the San Francisco Administrative Code ("SFAC") and the terms of the Solicitation. In fact, Chapters 12B and 14A of the SFAC are incorporated by reference into the Solicitation. (See Document 00821, 1.01.B.)

A&B filled out HRC Form 1 (Document 00483), claiming the JV 5% bid discount. In order to claim the JV 5% bid discount, A&B was required to identify and provide information about each of the joint venture partners. A&B did not do so.

Nowhere does A&B identify its joint venture partners. In fact, A&B's HRC Form 1, page 2 (where joint ventures have to provide certain information), is blank except for the listing of A&B itself. The provision of this information was mandatory, as shown by the following provisions of the Solicitation:

- Document 00821, 1.02, makes filling out HRC Form 1 mandatory.
- HRC Form 1 itself, page 2, says, "All joint venture partners must execute this form. Joint venture bid discounts may not be granted unless this portion is completed. Contract amount, percent of bid amount and portion of work for each joint venture partner must be filled in."
- Document 00700, General Conditions, Section 1.g.3, says, "Blank spaces in Bid Form must be properly filled in...."

A&B also failed to provide the requisite licensing information about its joint venture partners. This omission runs contrary to the SFAC, Chapter 14A, Article 8.b, which provides:

**Application of Bid Discounts and Joint Ventures –
Construction**

To be eligible for a bid discount, at the time of bid
submittal, each joint venture partner must hold a joint
venture license and each must have the license required in
the contract document of the contract award authority.

In addition, neither A&B nor its joint venture partners submitted the required HRC Certification Form.

These failings are extremely significant because the award here was made to the high bidder, which needed the bid discount to obtain the award. A review of the bid form reveals that A&B is not entitled to the bid discount.

The subsequent award to A&B claimed that A&B was entitled to the 10% bid discount as a HRC certified DBE, but this cannot be squared with the HRC Form 1 submitted by A&B, where A&B claimed the 5% JV discount, both by checking the JV box on page 1 of the form and by filling out (inadequately, as shown above) page 2 of the same form.

The solicitation and bid form are unmistakably clear in setting out what is required to be presented to claim a bid discount. A&B did not comply, rendering its bid non-responsive and precluding it from taking advantage of the HRC Discount. In contrast, ICONCO/LVI's attention to SFAC Chapters 12B and 14A and the Solicitation was exemplary. As reflected in the information we provided to the Commission on February 9 with our bid, ICONCO/LVI contacted approximately 300 firms as part of our outreach to disadvantaged business enterprises. A&B cannot claim for this procurement any bid discount, making ICONCO/LVI's bid low.

A&B Does Not Have the Requisite Experience in Abatement and Demolition

There is another, independent reason why the Project must be awarded to ICONCO/LVI. A&B failed to show it has the requisite experience to do the job.

The Solicitation is very clear about the kind of experience the prevailing bidder must have. Document 00700, "General Conditions" Section 2.b provides:

EXPERIENCE AND FINANCIAL QUALIFICATIONS:

Pursuant to San Francisco Administrative Code ("SFAC") Section 6.21(G), Bidder is required to show to satisfaction of Commission that Bidder has necessary experience in class of work to be performed, and ability, equipment and financial resources to perform Work satisfactorily within time specified. This information must be submitted by Bidder on Document 00420 (Experience and Financial Qualifications). When awarding Contract, such information will be considered, and Bidder is cautioned to make complete and comprehensive answers to all questions."

A review of what A&B submitted with respect to experience demonstrates conclusively that A&B does not have the requisite experience for the Project. The experience A&B listed was limited to a handful of civil and excavation projects. There is no indication that A&B has any experience with asbestos abatement and demolition which are far and away the largest portions of the job.

In contrast, ICONCO/LVI submitted a significant body of experience, including demolition projects with asbestos abatement as well as airport projects.

The issue is one of responsibility. We understand that the applicable legal precedents (and the SFAC) support the conclusion that the award cannot be made to a contractor that lacks the requisite experience and capacity. (See *Associated Builders and Contractors, Inc. v. San Francisco Airport Commission*, 21 Cal.4th 352, 363, 366 (1999); SFAC Section 6.1.) There is every indication that A&B does not have the requisite experience and therefore is not responsible, making ICONCO/LVI the lowest responsible bidder, even putting aside the fact that A&B cannot claim the HRC Bid Discount.

A&B's Bid Was Not Signed by a Corporate Officer, Also Making the Bid Non-Responsive

The A&B bid was non-responsive another respect. The bid was not signed by a corporate officer, contrary to the requirements of the Solicitation.

The Bid Form (Document 00300—page 8 of 9) provides, "If Bidder is a corporation, set forth the legal name of the corporation together with the signature of the Officer or Officers authorized to sign contracts on behalf of the corporation." Furthermore, the bid did not contain a Corporate Seal imprint, as required.

The entirety of A&B's bid is signed by Ryan Caulfield. Mr. Caulfield is identified in A&B's bid variously as "Safety Manager" and as "Operations Manager," but never as an officer. Yet Mr. Caulfield signed the bid, where an officer is required to sign by the express terms of the Solicitation.

For this additional reason, the Project should be awarded to ICONCO/LVI.

Additional Information

The individuals representing the ICONCO/LVI in connection with this protest are:

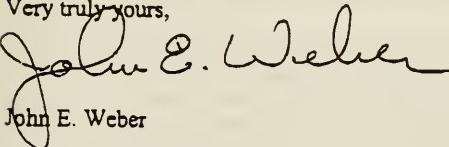
John E. Weber
ICONCO/LVI Demolition Services
4700 Coliseum Way
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Tel: (510) 261-1900
Fax: (510) 261-2459

John W. Ralls, Esq.
Thelen Reid & Priest LLP
101 Second Street, Suite 1800
San Francisco, CA 94105-3606
Tel: (415) 369-7210
Fax: (415) 369-8710
(ICONCO/LVI'S Legal Counsel)

We are providing concurrently a copy of this protest document to representatives of A&B and Cleveland Wrecking.

For these reasons, we respectfully request that the Commission award the Project to ICONCO/LVI. Please let us know if you require any additional information in connection with this protest.

Very truly yours,


John E. Weber

cc: Mr. Ryan Caulfield, A&B Construction, Inc. (via facsimile)
Mr. Jim Sheridan, Cleveland Wrecking Company (via facsimile)



ICONCO/LVI Demolition Services, 4700 Coliseum Way, Oakland, CA 94601-5008
(510) 261-1900 Office 510/261-2459 Fax jweber@lviservices.com

March 3, 2006

(VIA HAND DELIVERY)

Mr. Ivar Satero
Deputy Director
Planning Design & Construction
San Francisco International Airport
710 North McDonnell Road
P.O. Box 8097
San Francisco, CA 94128

**Re: Bid Protest of ICONCO/LVI Demolition Services
Airport Contract No. 8433-A
Old Boarding Area "A"
Abatement/Demolition Project**

Dear Mr. Satero:

We have your February 27, 2006 letter finding that our protest of the award of the above project to A&B Construction is without merit. We strongly disagree with that finding, and we will appear at the March 7, 2006 meeting to express our concerns.

Our primary objection is that the Commission has decided to look at various information not contained in the bid proposal submitted by A&B. By examining such information, A&B was given an unfair competitive advantage, which is prohibited by California bidding law. Your February 27 letter makes it perfectly clear that A&B's bid, as submitted, and without consideration of information not contained in the bid, was non-responsive and deficient.

- With regard to the HRC/DBE credit, you conclude that "A&B did not submit a bid as a joint venture with another contractor...." This finding is directly the opposite of what is plainly stated on the bid form. Obviously, to make this finding, outside information had to be considered.
- With regard to experience, your letter looked to information outside the bid (namely the experience of various subcontractors). This was completely inappropriate because your bid form specifically requested bidders to include information relating to their experience. A&B failed to provide that information, as is confirmed by the fact that you are now looking at the experience of A&B's nominated subcontractors.

- With regard to the execution of the bid by Ryan Caulfield (not a corporate officer of A&B), you had to make inquiries to determine whether Mr. Caulfield was in fact authorized to execute contract documents.

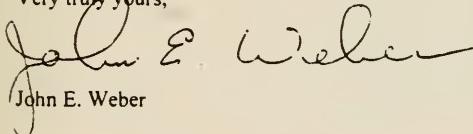
The examination and consideration of information outside A&B's bid proposal gave A&B an unfair, competitive advantage. Any of the three deficiencies above would have provided A&B with grounds to abandon its bid without forfeiting its bid bond, if after bid opening A&B decided it no longer wanted the job. All A&B would have had to do is give the required notice of mistake in filling out the bid form, and decline to provide any of the additional information needed to support its bid effort after that fact. Of course, A&B saw a tight bid spread and decided it did want the work. So, A&B provided the additional information. All of this gave A&B "two bites at the apple" – and an unfair advantage denied to ICONCO/LVI.

Under established California public bidding law, the award to A&B under these circumstances is improper. In fact, this situation is almost exactly like that in *Valley Crest Landscape, Inc. v. City Council* (1996) 41 Cal.App.4th 1432, 49 Cal.Rptr.2d 184. In that case, the low bidder, North Bay, misstated the correct percentage of work to be done by a subcontractor. But, the public entity allowed North Bay to correct the figures after bid opening. The court concluded that this was improper, and that the work should have been awarded to the second low bidder:

We conclude North Bay had an unfair advantage because it could have withdrawn its bid. Misstating the correct percentage of work to be done by a subcontractor is in the nature of a typographical or arithmetical error. It makes the bid materially different and is a mistake in filling out the bid. As such, under Public Contract Code section 5103, North Bay could have sought relief by giving the City notice of the mistake within five days of the opening of the bid. The fact that North Bay did not seek such relief is of no moment. The key point is that such relief was available. Thus, North Bay had a benefit not available to the other bidders; it could have backed out. Its mistake, therefore, could not be corrected by waiving an "irregularity."

Just as in that case, the Commission cannot award the job to A&B based on post-bid information provided to correct various errors in A&B's bid. We respectfully repeat our request that the Commission award this contract to ICONCO/LVI. It is more clear than ever that this is the result mandated by California public bidding law. We look forward to seeing you at the March 7, 2006 meeting.

Very truly yours,



John E. Weber

cc: Mr. Russell Lee, Airport Commission (via facsimile)
Mr. Ryan Caulfield, A&B Construction, Inc. (via facsimile)

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 21, 2006

DOCUMENTS DEPT.

9:00 A.M.

APR - 5 2006

SAN FRANCISCO
PUBLIC LIBRARY

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

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MICHAEL S. STRUNSKY
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ELEANOR JOHNS

JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
March 21, 2006

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AIRPORT COMMISSION MEETING MINUTES

March 21, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent: Hon. Larry Mazzola, President
Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 7, 2006 were adopted unanimously.

No. 06-0048

* * *

D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 06-0047 regarding the settlement of litigation entitled CCSF v. Tutor-Saliba Corporation et al. in the amount of \$19,000,000.00 at the closed session of March 7, 2006.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Authorization to Issue a Request for Proposals for Airport Parking Facilities Management Agreement

No. 06-0049

Resolution approving the final business terms for the Airport's Parking Facilities Management Agreement and authorizing issuance of a Request for Proposals.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that last December 1st the Commission authorized staff to prepare a Request for Proposals ("RFP") for management of the Airport's parking facilities and conduct a pre-proposal conference. Previously, last November 21st, staff conducted an initial outreach meeting to give potential interested parties advance notice of this opportunity and provide an opportunity for an informal give and take of information.

A proposed draft RFP was circulated to potential proposers in January, and a pre-proposal conference was held on February 8. With the Commission's approval of the key business terms we will issue the RFP and solicit proposals.

The current contract was awarded with an initial one year term which commenced on January 3, 2002 and had four one-year options. Based on feedback from the industry, staff now recommends an initial three year term, with two additional one-year options at the sole discretion of the Commission.

This contract has a DBE goal of 30% of the subcontracting opportunities. Subcontracting opportunities exist in areas such as janitorial services, security guard services, valet, office administration, procurement of uniforms and supplies.

After proposals are received and evaluated, we will return to you for approval to award a contract to the highest rated proposer. The last option period for the current contract ends no later than January 2, 2007. We plan to have the new contract in place before Thanksgiving and Christmas holiday season begins.

Commissioner Ito wondered if there were oversight issues that had to be enhanced in the new proposal such as shortfalls in terms of performance.

Mr. Fermin responded that he would not call them shortfalls but we have incorporated performance standards into the new contract. Some of the performance standards were mentioned in the key business terms. For example, we want to make sure that patrons don't wait more than five minutes to exit the garage.

Commissioner Ito asked if that was the primary area that needed stronger oversight.

Mr. Fermin responded that we also added a section that says that any cash shortages that have been identified must be reconciled within the same

business day, and, we need competitive credit card providers solicited to make sure we receive the lowest credit card rates.

Commissioner Ito noted that over the past year we received occasional complaints regarding management of the parking facilities and asked if new companies will be proposing.

Mr. Fermin responded that we had quite a lot of interest expressed in this contract and we had a good response to both meetings we conducted. The pre-proposal conference had close to 20 people representing eight different parking management companies. We expect a lot of interest in this opportunity.

Commissioner Johns asked how staff was going to make sure these performance standards are met.

Mr. Fermin responded that we will monitor it very carefully. We will watch the exit lanes during peak periods to see how long the queues build up and we will watch to make sure that it doesn't take patrons longer than five minutes to exit. We will also watch our customer complaints very carefully. Our plan is to have our management staff spend a lot of time observing the garage.

Commissioner Johns asked if there were any items before the Commission today that were contentious previously.

Mr. Fermin responded that he did not think there was anything contentious. Initially, the biggest recommendation made was the contract term. Originally, at the pre-proposal conference, we were looking at a one year contract, similar to what we have today, but the majority of the firms expressed a desire for a longer contract. They all agreed with the recommended three year term.

Commissioner Johns said that her larger concern was the composition of the panel. The composition of the panel and the scoring has been problematic in previous contracts.

Mr. John Martin, Airport Director, said that he is talking with Mr. Fermin about the panel members and he will be happy to call Commissioners individually to share ideas and exchange thoughts on the panel.

Commissioner Strunsky said that he is puzzled as to why there is no Airport staff member of the panel. We have quite an emphasis on "independent experts" and it seemed to him that someone from the Airport familiar with the intricacies of our facilities might be able to answer questions of the panel.

Mr. Martin said that there will be staff members in the room to answer questions. We would prefer not to have a panelist doing the scoring who will actually manage or oversee the existing contractor.

Commissioner Strunsky assumed that when the panel deliberates it does not do so in private.

Mr. Martin responded that it deliberates with the resources of the City Attorney's Office, the Airport's parking garage manager, and Sandra Crumpler, the Airport's outreach officer. They will all be present throughout the deliberations and scoring.

Commissioner Strunsky noticed that there will be a janitorial subcontract and asked why our own janitorial staff wouldn't be handling this work.

Mr. Martin responded that we considered doing that after 9/11 as a cost-saving measure, however, it was rejected by the Board of Supervisors when presented in our budget. The Board felt it would have caused long-term custodial employees with this contractor to lose their jobs with no guarantee that they would have been hired as City custodians. We agreed to continue to use custodial subcontractors. Under our Worker Retention Policy a new contractor would be required to keep these same custodial employees.

We have worked with the current contractor to improve custodian efficiency and they are very close to our level of efficiency.

Commissioner Strunsky asked if this contract manages the taxi lines.

Mr. Martin responded that it does.

Commissioner Strunsky asked if Mr. Taranto and others in the taxi industry reviewed the scope of work to make sure that we are providing adequate service.

Mr. Martin responded that the automated payment system for taxicabs will require a much smaller role for the garage contractor. DAJA/Shuttleport employees provide the curbside management.

Mr. Fermin added that the new taxicab cashiering system was designed to address the issues of the taxi drivers and expedite payment and flow stream through the central part of the garage. We are hoping with that initiative that we can keep Mr. Taranto satisfied.

Commissioner Strunsky asked if that will be installed by the first of the year when the new management contract takes effect.

Mr. Fermin responded that it will be installed in about six months.

Commissioner Strunsky asked about salary escalation and if we were asking the contractor to crystal ball their payments with respect to the guaranteed maximum price. He noticed that salaries are reimbursable but at the same time you are capping it with a GMP. He is not sure how they are going to offer a GMP without crystal balling some sort of escalation.

Mr. Fermin responded that we are asking them to project their costs over the period of the contract. Within each category of cost we are asking them to cap certain types of costs at different levels. We expect that they will project what

they think salaries will increase to over time and we will then take that cost as one of the components in the evaluation process. We will ask for their projection and we will look at the guaranteed maximum price. That is one of the components in the evaluation process.

Commissioner Strunsky asked if we might consider a bid with a CPI escalator. He is worried that we are either going to pay too much or too little. He would feel comfortable with being given a bid for the first year, then the salaries can have a CPI escalator with no change in fee.

Mr. Fermin thought that was a good point and he will take a look at it.

He said that one of the things we did, and which was included in discussions with the firms, was as the contract was put in place, and if as time passes the Airport requires the contractor to undertake any task which causes them to incur more cost than what was projected, the Airport will be willing to come to the table to discuss how to address those costs.

Commissioner Strunsky said that he was concerned with the toll taker who receives \$15.00 an hour now but might get \$17.50 next year. That's fine if you have it covered, but if you don't it's a problem.

Mr. Fermin told Commissioner Strunsky he had a good point. We will take a look at that and when staff returns to the Commission with a recommended proposer we will address that point at that time.

Commissioner Johns asked what the major differences are in this contract as opposed to prior years in terms of scope of management.

Mr. Fermin responded that it is pretty much the same. This contract merges two existing contracts ... one for public parking facilities and a separate contract for the employee parking lots.

Commissioner Johns asked why the two contracts are being merged.

Mr. Fermin responded that we anticipate a minimum yearly cost savings of about \$400,000 to \$500,000 by merging the contracts. It also streamlines operations if we can go to one source for any parking related problems.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 2 and 3, was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Authorization to Issue a Request for Qualifications to Provide Underwriting and Related Services

No. 06-0050

Resolution authorizing issuance of a Request for Qualifications to provide underwriting and related services in connection with the Airport's Financing Program.

Commissioner Strunsky asked why we are doing this early. Are there changes in the marketplace?

Mr. Fermin responded that we are doing this primarily to enhance competition. We want to expand the number of underwriting banks we have in our pool in order for us to have more competition in the remarketing of our variable rate debt. In that way we hope to get even more aggressive and lower interest rates over time.

3. Pre-bid Conference for Public Turn-Key Communications Concession

No. 06-0051

Resolution authorizing a Pre-Bid Conference for Turn-Key Public Communications Concession for all Airport Terminal Complexes, Airport Parking Facilities and such buildings as may be constructed that require the installation of public communications service or equipment.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:24 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

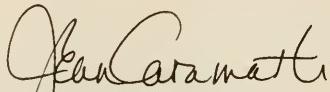
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:56 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:57 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

April 4, 2006

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

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COMMISSIONERS
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President
MICHAEL S. STRUNSKY
Vice President
LINDA S. CRAYTON
CARYL ITO
ELEANOR JOHNS

JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
April 4, 2006

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C.		ADOPTION OF MINUTES: March 21, 2006	06-0052	3
D.		ITEMS INITIATED BY COMMISSIONERS:		3
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 1. Reject All Bids - Contract 8433A - Old Boarding Area A Abatement & Demolition	06-0053	3-4
		2. Award Contract 8438 - Boarding Area A Apron Improvements - Proven Management	06-0054	4-5
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 3. FY 2005/2006 CityBuild Memorandum of Understanding and Work Order between the Airport and the Mayor's Office of Economic Workforce Development		5
G.		NEW BUSINESS:		5
H.		CORRESPONDENCE:		5
I.		CLOSED SESSION: Potential Litigation		5-6
J.		ADJOURNMENT:		6

AIRPORT COMMISSION MEETING MINUTES

April 4, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 21, 2006 were adopted unanimously.

No. 06-0052

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Reject All Bids - Contract 8433A - Old Boarding Area A Abatement and Demolition

No. 06-0053

Resolution rejecting all bids for Contract No. 8433A, Old Boarding Area A Abatement and Demolition and authorizing the Director to rebid this contract when ready.

Mr. John Martin, Airport Director said that consistent with previous Commission

action and discussion he is recommending rejecting all bids for this contract and requesting authorization for staff to rebid.

Commissioner Johns asked about the timeline.

Mr. Ivar Satero, Deputy Director, Design and Construction responded that staff is prepared to go out with a package this week. It will advertise on Friday and there will be a three week turn-around to receive bids. We anticipate that there will be about a two month delay, however, we have some float in the project.

Mr. Martin said that given the gate demands on new Boarding Area A, we are comfortable with this delay.

Mr. A. Robert Rosin, Leonidou and Rosin, representing A & B Construction, said that the action before the Commission today is clearly within its authority and discretion; the question is if it is in the public's interest. He suggested that given that the economy is growing and that many contractors who would bid on this work are filling up their backlog, it would be better to award to A&B at this time. As the economy grows, contractor's backlogs will grow.

The bid protest was overruled. The better course of action would be to award to A&B. The Commission has the discretion to do so. There is no guarantee that we can get the same prices two months from now than we have today.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Award of Contract No. 8438 - Boarding Area "A" Apron Improvements - Proven Management, Inc. - \$1,753,425.00

No. 06-0054

Resolution awarding Contract No. 8438, Boarding Area A Improvements, to the lowest responsive, responsible bidder, Proven Management, Inc., in the amount of \$1,753,425.00.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this contract improves the taxi lane on the west side of Boarding Area A. That area is where aircraft power up and the thrust has created an uneven pavement.

We are going to reconstruct the taxi lane and replace and repair the taxi lane centerline lights.

Five bids were received for this project and Proven Management submitted the lowest responsive bid.

Commissioner Strunsky said that it is nice to see five bidders on a project. The program initiated by FOM and PDC to obtain more bidders appears to be working.

Commissioner Ito was impressed with the DBE goals. The Mayor was going to do

an overview of how departments were dealing with the new DBE guidelines. The Airport has been doing well in terms of exceeding its goals. Will the Commission receive a summary of how the new guidelines are succeeding?

Mr. Martin said that he will schedule Sandra Crumpler for a briefing before the Commission.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Item No. 3 was removed from the calendar without discussion.

3. FY 2005/06 CityBuild Memorandum of Understanding and Work Order between the Airport Commission and the Mayor's Office of Economic and Workforce Development - \$175,000.00

Resolution authorizing the Director to sign the CityBuild Memorandum of Understanding and Work Order between the Airport Commission and the Mayor's Office of Economic and Workforce Development for FY 2005/2006 in the amount not to exceed \$175,000.00.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:10 AM.



Jean Caramatti
Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

April 19, 2006
Special Meeting

9:00 A.M.

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(400 Van Ness Avenue)
City and County of San Francisco

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MICHAEL S. STRUNSKY

Vice President

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Special Meeting of
April 19, 2006

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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C.		ADOPTION OF MINUTES: Regular meeting of April 4, 2006	06-0055	4
D.		SPECIAL ITEM: 1. Retirement Resolution - Walter Harris	06-0056	4
E.		ITEMS INITIATED BY COMMISSIONERS:		4-5
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 2. Award New Contract for Administration and Clinical Management of SFO Medical Clinic to Catholic Healthcare West, dba St. Mary's Medical Center	06-0057	5-6
		3. Annual Funding of Financial Advisory Contracts - Public Financial Management, Inc. Backstrom McCarley Berry & Co., LLC and Robert Kuo Consulting, LLC a Joint Venture;; and Bond Logistix, LLC	06-0058	6-7
		4. Authorization to Issue a Request for Proposals for Property Management and Billing System	06-0059	7-8
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 5. Modification No. 1 to Federal Legislative Advocacy Contract - Smith, Dawson and Andrews	06-0060	9
		6. Modification No. 2 to State Legislative Advocacy Contract - Edelstein & Gilbert	06-0061	9
		7. Modification No. 1 to Congressional Advocacy Contract - Marc Associates	06-0062	9
		8. Authorization to Accept Proposals for the		

	Travel Agency and Over-the-Counter Baggage Storage Lease	06-0063	9-10
9.	Joint Powers Agreement for North Bayside System Unit	06-0064	10
10.	Extension of Sublease LCA-01232 with the U.S. Government for Offices Occupied by the Transportation Security Administration TSA) at South Spruce Avenue	06-0065	10
H.	NEW BUSINESS:		10
I.	CORRESPONDENCE:		10
J.	CLOSED SESSION:		
	Potential Litigation		10-11
K.	ADJOURNMENT:		11

AIRPORT COMMISSION SPECIAL MEETING MINUTES
April 19, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:07 AM in Room 408, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 4, 2006 were adopted unanimously.

No. 06-0055

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

1. Retirement Resolution - Mr. Walter Harris

No. 06-0056

Resolution expressing best wishes for the fullest measure of health, happiness, and fruitful retirement to Mr. Walter Harris.

Mr. John Martin, Airport Director, said that Mr. Harris has been with the City for 21 years, all of which have been with the Airport. He congratulated Mr. Harris on his retirement and wished him well.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky commented on the AirTrain extension to the garage, saying that he understood Mr. Martin's analysis but hoped he would give some thought to being ahead of a situation rather than behind it. If we wait the AirTrain extension will be

needed long before it can be built. Unless we build the AirTrain extension to the DD garage, the DD garage will not be utilized to the extent it should be. He asked the Director to take another look at it.

Mr. Martin asked if he could wait until the summer when the DD garage opens. At that time he will have some indication on how we are doing on gaining market share. We will do a reassessment then.

Commissioner Strunsky agreed. He added that Mr. Martin's memo does refer to "several months" and he would like it looked at before then.

Commissioner Strunsky also referred to an "Accounts Receivable" memo dated April 12 and asked if Northwest's obligation was covered by a bond.

Mr. Leo Fermin, Deputy Director, Business and Finance responded that Northwest's obligation is more than covered by its security bond.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Commissioner Strunsky moved to recuse Commissioner Ito from the discussion and vote on Item No. 2. The move was seconded by Commissioner Crayton. The vote to recuse Commissioner Ito was unanimous.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

2. Award New Contract for the Administration and Clinical Management of SFO Medical Clinic to Catholic Healthcare West dba St. Mary's Medical Center

No. 06-0057

Resolution awarding a new contract for the administration and clinical management of SFO Medical Clinic to Catholic Healthcare West dba St. Mary's Medical Center for three years effective July 1, 2006 thru June 30, 2009 at an annual not-to-exceed amount of \$670,000.00 for a total contract amount of \$2,010,000.00, and an additional three one-year options exercisable at the sole discretion of the Commission.

Ms. Theresa Lee, Deputy Director, Administration explained that the current contract for the management of the SFO Medical Clinic expires on June 30, 2006.

The Commission approved the issuance of an RFP on November 15, 2005 to continue operations of the SFO Medical Clinic. The RFP was issued in February and four proposals were received. These proposals were reviewed by a panel made up of Airport staff and were evaluated based on criteria listed in the RFP. They are:

- Experience in management of a clinic in an industrial, travel or airport setting

- Experience in managing medical professionals among a range of medical and health expertise
- Work schedule and fee
- Staffing
- Experience of staff

There were a total of 70 points.

The rating panel determined that Catholic Healthcare West (CHW), dba St. Mary's Hospital is the highest ranked proposer. The Human Rights Commission determined that no DBE rating discount was applicable.

This contract is being awarded in the amount of \$670,000 for three years with three one year options.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Annual Funding of Financial Advisory Contracts - Public Financial Management, Inc., Backstrom McCarley Berry & Co., LLC and Robert Kuo Consulting, LLC, a Joint Venture; and, Bond Logistix, LLC - \$2,165,000.00

No. 06-0058

Resolution authorizing total funding of \$2,165,000.00 for the second year of the Airport's Financial Advisory and Arbitrage Rebate/Investment Advisory contracts with Public Financial Management, Inc., Backstrom McCarley Berry & Co., LLC and Robert Kuo Consulting, LLC, a J.V.; and, Bond Logistix, LLC.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that this item requests funding approval for the second year for the two financial advisor contracts. The second year commences this month, and the requested funding provides \$775,000 for ongoing routine work that is funded out of the operating budget. We are also requesting authorization to fund an additional \$1,390,000 for potential financing transactions, such as bond refundings, special financings and swap transactions which may or may not materialize. Over the second year, if circumstances warrant these financial transactions, and if the Commission were to approve them, then the monies to pay these fees would come from the financings themselves, such as proceeds from the bonds which are sold.

The Commission approved the same approach for the first year of these contracts, approving a total funding of \$1,975,000 for the first year. Of this amount, a little over one-half, or about \$1-million was spent.

The Airport's Finance Advisory Panel has reviewed and approved these proposed fees. As an aside regarding the Advisory Panel, the Mayor's Director of Public Finance joined the Panel and attended her first meeting at the Airport last month.

Commissioner Johns said that in the delineation of expenses she is always

uncomfortable about a 100,000 figure in both categories that is not explained.

Mr. Fermin explained that we have on-going surveillance fees that the rating agencies charge for monitoring the Airport's outstanding debt. They vary from \$10,000 to \$20,000 each year and are paid to each of the four rating agencies. We also have items such as travel expenses if we need to make a trip to New York to meet with the credit rating agencies, potential bond holders or insurance companies. Those costs are reimbursable to the financial advisors. Altogether that accounts to about \$100,000.

Commissioner Johns understood Mr. Fermin's explanation to mean that the retainer is pure retainer and these are additional costs beyond that.

Mr. Fermin responded yes. The financial advisors pay the credit rating agencies invoices and we reimburse the financial advisors for those credit surveillance fees.

There are also other credit rating fees. There are separate credit rating fees for a bond issuance which are paid out of bond proceeds.

Commissioner Johns asked if the amount of their fees is deducted from the amount their services have saved us ... is the savings a gross figure or a net figure.

Mr. Fermin responded that it is the net present value of the savings when we discount all of the future stream of savings each year to the present. The financial advisory fees are not deducted from that number.

Mr. Martin added that it is a net savings in terms of the debt service we are paying. It is only constant for the debt service net savings.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Authorization to Issue a Request for Proposals for a Property Management and Billing System

No. 06-0059

Resolution authorizing the issuance of a request for proposals to acquire and implement an Enterprise Property Management and Billing System.

Ms. Lee explained that in 2005 the Commission approved the budget for a Property Management and Billing System (PMBS) as part of the capital plan. This item requests the Commission's approval to issue an RFP to solicit proposals to address consolidating and upgrading our various financial databases.

We expect to identify opportunities to re-engineer business processes and ultimately optimize data collection, processing and business efficiencies.

Implementation of an enterprise wide PMBS that provides one centralized database and a single user interface environment will enable the Airport to improve its ability to capture, maintain, track and report accurate revenue and other information regarding

key business terms of all property leases, space permits and other property contracts in a more efficient manner and improve services to our tenants and customers.

Our research indicates that such systems are in place at many airports including Boston, LAX, Seattle and Mineta San Jose.

Our proposed project schedule reflects a 15-18 months to completion from the proposed contract award in July.

Commissioner Crayton asked how long we have used the current system.

Ms. Lee responded that we have been using the current system for about 25 years.

Commissioner Crayton asked if this is the same system that the City uses.

Ms. Lee responded that there is an interface that all City departments use to do its accounting. This is our own internal database system. We have a variety of database systems.

Mr. Martin added that the City's system is strictly an accounting system, it is not a property management system. We are seeking to integrate the City's financial system into our property management system.

Ms. Lee said that we are also looking to consolidate our existing Airport internal systems and it will allow us the ability to integrate with the City's system as well.

Commissioner Crayton asked if we are upgrading our system to match the City's system.

Ms. Lee responded that that is not technically correct. We currently interface with the City. One of our primary objectives is to upgrade our various databases so we have integrated information internally. It will allow us to continue to interface with the City. When the City upgrades its system we will have the flexibility to modify our system to continue that interface.

Commissioner Crayton asked if we were going to continue to have to modify our system to be able to integrate with the City. The City has a lot of property.

Ms. Lee responded that we will insure that we have the flexibility to allow for that modification should it be needed.

Commissioner Ito asked if software being used at other airports was being reviewed to see what could be modeled.

Ms. Lee responded that staff has done research regarding available systems in place elsewhere and they are looking to see what will meet the Airport's needs. That is the purpose of the RFP. Many Airport stakeholders have provided their requirements from our revenue side and from our operating side. It will identify what we are looking for. That does not necessarily mean that we will seek development from scratch. We believe that there are systems available that could be tailored to our needs.

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 10, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Modification No. 1 to Federal Legislative Advocacy Contract - Smith, Dawson and Andrews - \$175,000.00

- | | |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0060 | Resolution approving Modification No. 1 to Smith, Dawson and Andrews Federal Legislative Advocacy Contract to facilitate SFO's interaction with the U.S. Department of Transportation, the Federal Aviation Administration and the Transportation Security Agency. This Modification extends the contract term for one year (July 1, 2006 to June 30, 2007), increase the total contract amount by \$175,000.00 and allow for subcontracting at the direction of the Airport Director. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

6. Modification No. 2 to State Legislative Advocacy Contract - Edelstein and Gilbert - \$75,000.00

- | | |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0061 | Resolution authorizing the Airport Director to exercise the first of four one-year options (Modification No. 2) to Edelstein and Gilbert contract for State Legislative Advocacy services in Sacramento, CA. Modification No. 2 will extend the term of the contract for one year (July 1, 2006 to June 30, 2007), and increase the total contract amount by \$75,000.00. |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

7. Modification No. 1 to Congressional Advocacy Contract - Marc Associates - \$75,000

- | | |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0062 | Resolution approving Modification No. 1 to Marc Associates contract for on-going Congressional Advocacy in Washington, DC. Modification No. 1 will extend the term of the contract for one year (July 1, 2006 to June 30, 2007) and increase the total contract amount by \$75,000.00. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

8. Authorization to Accept Proposals for the Travel Agency and Over-the-Counter Baggage Storage Lease

- | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0063 | Resolution approving lease specifications, minimum qualifications, proposal requirements, and authorizing staff to accept proposals for the Travel Agency and Over-the-Counter Baggage Storage lease. |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Commissioner Ito asked if we have received security clearance to establish this pre-security area.

Mr. Fermin responded that this is an over-the-counter baggage storage facility. If a passenger had a lengthy layover and did not want to be hampered by a large suitcase, they could check it for anywhere from several hours to several days.

Mr. Martin said that there is an existing operation that is successful.

9. Joint Powers Agreement for North Bayside System Unit

- No. 06-0064 Resolution approving the Joint Powers Agreement with the Cities of San Francisco, South San Francisco, San Bruno, Millbrae, and Burlingame, pertaining to the capacity ownership, operation, maintenance, and Capital Projects cost sharing for the North Bayside System Unit (NBSU) Facilities.

10. Extension of Sublease LCA-01232 with the U.S. Government for Offices Occupied by the Transportation Security Administration at South Spruce Avenue

- No. 06-0065 Resolution approving supplemental lease agreement No. 2 to Sublease LCA-01232 with the U.S. Government to extend the term of the sublease.

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H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

★ ★ ★

I. CORRESPONDENCE:

There was no discussion by the Commission.

★ ★ ★

CLOSED SESSION

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:25 A.M.

Original Signed by Jean Caramatti

Jean Caramatti
Commission Secretary

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Minutes of the Airport Commission Meeting of
May 2, 2006

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	7.	Authorization for Staff to Negotiate a Contract with Polaris Research & Development, Inc. to Staff and Manage the Airport Information Booth Program	06-0072	15-16
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G.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
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AIRPORT COMMISSION MEETING MINUTES

May 2, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Hon. Linda S. Crayton arrived at 9:05 A.M. during the presentation of Item No. 1.

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of April 19, 2006 were adopted unanimously.

No. 06-0066

* * *

D. DIRECTOR'S REPORT:

1. Transit First Policy

Mr. Tryg McCoy, Acting Airport Director, said that SFO continues to be a leader among U.S. airports in the use of shared ride ground transportation for Airport access. The 2005 Air Passenger Survey indicated that almost 40 percent of air passengers used public transportation in the form of BART, Caltrain, SamTrans, door-to-door vans, taxis, limousines, charters, or Airport bus service to access the Airport. This 40% is a remarkably high number compared to many European and domestic airports that also have direct rail access.

The Airport Commission first adopted a "Transit First Policy" in 1996, giving priority to public and private high occupancy transportation modes on the Airport. The policy formalized the following Airport goals and objectives:

- Reduce traffic congestion within the Airport and the region by increasing the use of public transportation;

- Support improved regional transit access and intermodal connections to the Airport;
- Encourage development of under-utilized transportation resources, such as waterborne transportation and rail;
- Maximize passenger and employee convenience of High Occupancy Vehicles (HOVs) carrying more than one person;
- Minimize on-airport congestion and delays to increase the efficiency of the Airport transportation infrastructure, roadway system, and curbside loading zones.

The Airport has successfully implemented all of these goals and objectives.

Curbside Management Program: SFO was the first airport to take control of its ground transportation curbside coordination program by contracting with one vendor to coordinate the activity at the Door-to-Door and taxi zones. This innovative program was launched in January 2000 and was soon followed by other airports. ShuttlePort/DAJA is the Airport's current Curbside Management contractor providing passenger assistance to Airport customers utilizing door-to-door vans, limousines, and taxis from the early morning hours until midnight.

This Commission has in the past heard from taxi and door-to-door van drivers about the need to continually monitor the garage and loading zone activities. There is around the clock proactive coordination between both the curbside and garage management contractors as well as the Airport duty managers that insures that taxis and door-to-door vans are readily available.

BART Service at SFO: BART began direct service to SFO in June 2003. According to the 2005 Employee Commute Survey and the 2005 Air Passenger Survey, five percent of both employee and passenger trips to SFO are now made on BART. In 2005, the total monthly entries and exits at the SFO BART Station averaged 214,325. Through March 2005, over 6.5 million passengers had ridden BART to/from SFO. The Airport BART Station is the only one of the four new peninsula extension stations that is currently meeting BART's passenger forecasts. Airline employees continue to be the only employee group to receive a 25 percent fare discount on their BART trips to and from the SFO Station.

This summer the Airport will again conduct a joint marketing campaign between the Airport and BART promoting the use of BART ridership to and from SFO.

SamTrans Route 397 Owl Service: Airport staff worked for many years with SamTrans to provide 24-hour public transit service at SFO and in January 2001, SamTrans began hourly bus service between SFO and Downtown San Francisco from 1:00 a.m. to 5:00 a.m. daily. A year later, this service was expanded to include service south to Palo alto. In 2003, SamTrans notified SFO that because of budget constraints, they might be forced to eliminate Route 397. Since that time, SFO has subsidized the unrecovered operating costs for the riders that are identified as being generated by SFO which is now account for 41.5 percent of the route. The subsidy for FY 2005/06 was \$220,000 and it will continue at that rate in 2006/07. With the combination of these SamTrans routes, as well as BART,

SFO now has 24-hour, 7 day per week public transit service. It allows transit-dependent employees to work shifts at SFO that begin or end during the graveyard shift. The bus route also provides a low-cost ground transportation alternative for passengers arriving on delayed flights after midnight when BART stops operating.

An approval request to continue this program in FY 2006/07 is Item No. 13 on your calendar this morning.

Ferry Service: The Airport Director recently participated in the Bay Area Council's Blue Ribbon Task Force on Disaster Recovery Water Transit. The plan calls for a system of ferries and hovercraft that would be maintained and operated by the Bay Area Water Transit Authority on regularly scheduled routes. In fact, last week the Transit Authority ordered its first two low-emission ferries that will begin service in 2008 with service to a new South San Francisco terminal. Airport staff will work with SamTrans to determine the feasibility of linking this new ferry terminal with SFO. This future ferry service could be an alternate link to provide access to SFO in the event that an earthquake or other disaster closed the major Bay Area bridges.

Transit Incentive Program: As part of a City-wide program, Airport Commission employees can purchase transit passes or Commuter Checks through a pre-tax payroll deduction program. Commuter checks can be used to purchase transit tickets from both public and private transportation providers serving the Airport or to pay vanpooling expenses. For the convenience of Airport employees and the public, transit tickets are sold at the Airport's Information Booths on the arrivals level of the terminals. The Airport's Information Booths are the only locations where discounted youth, senior/disabled, and high value BART tickets can be purchased at the Airport. In 2005, the Information Booths sold an average of 1,080 transit passes per month.

Emergency Ride Home Program: Airport Commission employees are now eligible to participate in the City's emergency Ride Home Program. It provides a free or low-cost ride home in case of emergency for employees who commute using alternative transportation modes such as carpooling, vanpooling, public transit, or bicycle. The program eases the worry of being stranded at the office if an unexpected situation arises. Participants are reimbursed for qualifying transportation costs for any emergency ride home trips.

511 Transportation Information Hotline: The former SFO Transportation Hotline was replaced by the Metropolitan Transportation Commission's 511 Transportation Information Hotline and website several years ago. Besides providing a variety of traffic, transit and ridesharing information for the Bay Area, 511 also provides ground transportation information for SFO. Airport staff supports this valuable communication tool by regularly updating the 511 program on any changes to SFO's ground transportation service.

Traffic Control Measures: Airport staff continues to work to relieve traffic congestion and expedite ground transportation vehicles on the Airport roadways.

Currently, lanes 1 and 2 of the arrivals level roadway at the Domestic Terminals are dedicated to taxis, Airporter buses, SamTrans, and the employee parking shuttle so that these modes are not impeded by the heavy traffic congestion that occurs during peak arrival periods. This division of traffic facilitates ground transportation operations and encourages use of these modes.

Construction projects in and around the Airport roadways are carefully coordinated. Project managers, traffic engineers, landside staff and Airport Duty Managers all work together to mitigate roadway and parking lane infringement that can be caused by construction. The current project to strengthen the domestic roadway upper level viaduct is a good example of how this coordination allows the work to be completed with little passenger inconvenience.

We have a successful, innovative and environmentally sensitive Transit First Policy that Airport staff will continue to maintain and continually improve.

Commissioner Ito congratulated staff on achieving 40% and asked if there was an overall goal we were trying to reach.

Mr. McCoy responded that our overall goal is to have 50% of our passengers coming to SFO via public transit.

Commissioner Ito asked how we are compensating for lost parking revenue because of our Transit First Policy.

Mr. McCoy responded that we fully support the Airport's Transit First Policy. A percentage of passengers will always park on-Airport. We try to balance the needs of those who want or need to drive to the Airport and still have sufficient alternatives for those who want to take public transit.

Commissioner Ito remembered how our on-Airport facilities were frequently full prior to the new facilities being built. How will all of that level off.

Mr. McCoy responded that it is a balance. If we encourage it to the point where the percentage goes up, the parking revenue will go down. We price the parking rates to compensate for the volume of activity that we have. We think we have a very good balance. The Airport's policy is to provide choices.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner

Crayton. The vote to approve was unanimous.

2. FY2005/06 CityBuild Memorandum of Understanding and Work Order Agreement between the Airport Commission and the Mayor's Office of Economic and Workforce Development - \$175,000.00

No. 06-0067

Resolution approving the Memorandum of Understanding and Work Order Agreement for CityBuild between the Airport and the Mayor's Office of Economic and Workforce Development for FY 2005/06 in the amount not to exceed \$175,000.00.

Ms. Theresa Lee, Deputy Director, Administration explained that CityBuild is an initiative of the Mayor's Office of Economic and Workforce Development in collaboration with Supervisor Maxwell. The purpose of the program is to establish a comprehensive job training program to give local residents the skills they need to work on City-funded construction projects through a 14 week pre-apprenticeship training program through the newly established CityBuild Academy.

The Academy is a partnership among the Northern California Carpenters Regional Council, San Francisco City College, Metropolitan Transportation Agency, the SF Private Industry Council and the City. The campus is located at the Evans Street campus of the City College.

Six other City departments ... Department of Public Health, Muni, Department of Public Works, Public Utilities Commission, Redevelopment Agency and the Port are or will be participating.

This work order agreement will provide the Airport with a staff to ...

- generate labor projections for Airport sponsored construction projects and coordinate with the San Francisco and San Mateo Building and Construction Trades Councils to determine the workforce needs and demand within the various trades.
- assist SFO contractors in meeting local and federal hiring obligations by coordinating hires through the City's and San Mateo one stop shop centers and union hiring halls.
- provide employment liaisons with various stakeholders such as community based organizations and unions and insure coordination and collaboration.

Actual costs will cover the percentage of CityBuild staff time spent on SFO projects as well as associated costs such as Academy tuition, outreach and reports.

Commissioner Crayton asked if we were working with Young Community Developers, or have they opted out of this particular program.

Ms. Lee responded that she has not heard that they are opting out. They are one

of the community-based organizations that we would be working with.

Commissioner Mazzola said that he has been dealing with the Mayor's Office on this, as well as the San Francisco Building and Trades and the San Mateo Building and Trades, and he will vote in favor of it. It's a good program but it's new and has growing pains. There are still things that need to be negotiated. It is good for us to get involved.

Commissioner Johns said that they received a memo dated April 17 outlining how the \$175,000 would be used, but there was no follow up. Is there an agreement as to how much will go towards the CityBuild Director's position, compliance, employee liaison, etc., or will it be divided up in the way the memo indicated?

Ms. Lee responded that at this point we have agreed to the breakdown as indicated in the April 17 memo. Any expenditure is subject to our review to make sure they are actually working on SFO projects.

Commissioner Ito noted that the memo indicated that 55 students have been enrolled in CityBuild from the Bay View, Visitacion Valley, Mission and Chinatown and asked if they have been working with the Western Addition as well. They often get left out.

Ms. Lee responded that that is a major target group. The Airport has been working very closely with the southeastern part of the City, which includes the Bay View. They are working with the Western Addition as well.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Fiscal Year 2006/07 Airport Rates and Charges

No. 06-0069 Resolution establishing Airport Rates and Charges for FY 2006/07, including all airline and non-airline rates and fees.

Mr. Ben Kutnick, Associate Deputy Director, Business and Finance, explained that the Airport-Airline Lease and Use Agreement sets forth the formula to calculate Airline Landing Fees and Terminal Rentals each year. The calculation is based on a residual cost rate setting methodology designed to provide revenues designed to cover all operating and capital expenses of the Airport. Which mean that the airlines make up any shortfall.

It is the Airport's goal to achieve and maintain competitive rates. The Cost Per Enplaned Passenger (CPE) rose from \$7.83 in FY 2000, with the completion of the Master Plan, the events of 9/11, and a weakened economy, to a high of \$20.01 in FY 2003. Over the past three years the Airport has gradually reduced rates to a current year CPE of \$14.47.

The challenge for the Airport is to balance operating and capital requirements while maintaining a competitive airline rate structure. This challenge is common to many large hub airports.

Staff has met with the airlines and reviewed the Airline and Non-Airline rates. The airlines have been generally pleased with the Airport's ability to control costs and lower rates over the past three years. They were particularly happy with our efforts to focus on Non-Airline fees to move towards full cost recovery. At the same time the airlines are still concerned and question many of our costs in our operating budget.

The total airline contribution to revenues has declined from 55% in FY 02 to 42% in the proposed 2006/07 budget as a direct result of efforts by the Airport. Revenue from airlines is increasing by 1% next year vs. 5.5% from non-airline revenue sources.

Staff is recommending a small increase in rates after three years of decreases. CPE will increase 2.8% from \$14.47 to \$14.87 based on 2.3% projected increase in enplanements. The 2.8% increase results in an increase in Terminal Rentals and Landing Fees. When adjusted for inflation, the CPE is actually the same as the current year.

Landing Fees are increasing by 3.8% largely due to a decrease in landed weight of 2.7%. Though the number of commercial aircraft landings has increased by 1.8% for the first 8 months of this fiscal year, landed weight has been lower due to a decrease in the average aircraft size and number of passengers per aircraft. More regional aircraft are being employed, particularly by United Airlines at the expense of mainline aircraft.

Terminal Rentals under this proposal will increase by 4.9% which is largely due to a decrease in leased square footage of 3.7%.

The goal for Non-Airline Rates is to achieve cost recovery and to provide excellent service to travelers. Staff has held meetings with Rental Car companies, ground transportation operators, off-Airport parking operators, as well as the airlines to discuss proposed rate increases. The highlights of the rates and charges include:

- Transportation/Facility Fee (Air Train to the Car Rental Facility) - which is the cost of the AirTrain from the Airport to the Consolidated Rental Car Facility. After meeting with the Rental Car Companies last year, staff agreed to phase in an increase from \$12.00 to \$15.00 over two years. The current year will be increased from \$12.00 to \$13.50. We agreed to monitor the increase against transactions and found this year that there was no negative impact. We met with them again and there was no serious disagreement with increasing it to the \$15.00 for next year. That would achieve 73% cost recovery and is in line with what other airports are charging.

Commissioner Johns interrupted Mr. Kutnick and asked if it is passed on to the customer.

Mr. Kutnick responded that it is. He told the Commission that in spite of the fees that are added on, it is still cheaper to rent a car at SFO than it is to rent it in the City.

Mr. Kutnick continued with his remarks:

- Ground Transportation fees are recommended to increase an average of 5.7% which is below cost recovery which is the range of 42% to 89%. We are not trying to achieve full cost recovery in support of our Transit First Policy.
- License and Permit Fees are recommended to increase an average 22%, taking cost recovery from 78% to 90%. There were several years where there no increases. Vehicle Registration Fees are recommended to increase from \$25 to \$30 per vehicle, taking us from 42% cost recovery to 54%. Jet Bridge Fees are recommended to increase from \$60 to \$66, taking us to full cost recovery to cover the additional cost of moving two jet bridges from B/A to B/A B and for increased maintenance and renovation costs.

There are several unadjusted rates largely due to the fact that the fees are either already achieving full cost recovery or they are in line with market rates outside of the Airport. That would include aircraft parking, the \$.15 per passenger security, technology and telecommunication fees, water, sewage and fees for operating domestic flights out of the International Terminal.

The Airport has made significant progress in reducing rates over the past three years.

Commissioner Strunsky noted that this item was out of order ... the PFC is next but is included in the Rates and Charges. If we do not approve the PFC we cannot approve the Rates and Charges.

The Commission held this item over until Item No. 4 was heard and approved.

Commissioner Johns asked if the increase in refuse disposal was reflective of the contract we just approved within the last few months.

Mr. Kutnick responded that it is. There was a fairly significant increase. Refuse has been a fairly difficult fee to work through with both airline and concession tenants but we feel that we have come up with a fair method that will achieve as much cost recovery as possible while not putting our concession tenants in particular at financial risk.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. Item No. 4 was approved by a 4-1 vote, with Commissioner Strunsky casting the dissenting vote.

4. Designate \$58,413,000.00 of Passenger Facility Charge (PFC) Revenues for

Payment of Debt Service in Fiscal Year 2006/07 and Apply Amounts up to \$58,413,000.00 of PFC Revenues to Airline Rates and Charges as Needed

No. 06-0068

Resolution designating \$58,413,000.00 of Passenger Facility Charge (PFC) Revenues for payment of Debt Service in FY 2006/07 and apply amounts up to \$58,413,000.00 of PFC Revenues to Airline Rates and Charges as needed.

Mr. Kutnick explained that the past four years staff has requested approval from the Commission to designate PFCs for revenues to be used against debt service of the budget to reduce operating cost. This is a requirement of the 1991 Master Bond Resolution. The Airport has begun using a portion of the revenues for Pay as You Go capital projects. There is a table in the item that speaks to that.

Of the \$58.4 million being requested from PFC revenues next year, \$7-million would go for Pay as You Go capital projects. We expect to collect \$61-million, and \$4.1-million would come from PFC surplus.

Commissioner Strunsky understood that the Airport is doing this to reduce the CPE cost, but he doesn't like. This is, in essence, a bailout of the airlines. When we initiated PFCs the money was to go to maintenance of new and existing facilities. We are now applying this to debt service, in essence reducing the proposed landing fees. It is a tax, to some extent, focused on San Franciscans. At the same time it allows us to bring new airlines and new routes into SFO. It's not a black and white situation.

Commissioner Strunsky said he is not in favor of it.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Authorization to Exercise the Second and Final One-Year Option to Extend the Term of the AT&T Local Services Agreement - Not-to-Exceed Original Contract Amount of \$9,500,000.00

No. 06-0070

Resolution authorizing the second and final one-year option to extend the term of the AT&T Local Services Agreement from September 1, 2006 thru August 31, 2007. Not-to-exceed the original contract award amount of \$9,500,000.00.

Ms. Lee explained that as part of activating the new International Terminal, the Commission approved a contract in 1999 with AT&T to install, provision and maintain voice and data services at SFO via a new fiber optic telecommunications infrastructure for a seven year term with two one-year options. The Commission exercised the first one year option in June, 2005 and we expect to spend approximately \$400,000.

The current contract expires on August 31, 2006.

This item requests Commission approval to exercise the second and final one year option through August, 2007. The estimated budget for this final option will be approximately \$450,000. The original contract amount of \$9.5 million will not be exceeded.

We plan to seek Commission approval to issue a Request for Proposals in a couple of months for these services.

Commissioner Strunsky asked if this brought a fiber optic backbone into the Airport.

Ms. Lee responded that that has already been done. They provide local services as a competitor at that time to SBC. They provide service to Commission phones as well as shared tenant services for those tenants who want to purchase service directly from the Airport. We purchase those through AT&T ... somewhat like a wholesaler.

Commissioner Strunsky asked if we now have two points of entry.

Ms. Lee responded that we do. The second point of entry is 50% complete. With the recent acquisition of AT&T by SBC (with a new name of AT&T) we are back at the table negotiating that last 50% to bring our two points of entry into full operation. We hope to confirm those negotiations over the next 45-60 days.

Commissioner Crayton noted that AT&T and SBC are one company. It is problematic to her that we are now negotiating with AT&T as it is a major competitor. Technology is changing. We are fighting major legislation on the State and national levels as to how we will provide these services. This gives AT&T a toe up. AT&T and SBC were competitors previously and now they bring their services together. We have actually given them the contract without a bid because they are coming in with SBC.

The Alcatel contract ... the next item on the calendar ... also puts us in a position where we cannot move. Their equipment is different. You cannot go out to bid to give anyone else the contract because they already have the infrastructure in place and they can only connect in certain ways.

Who would have known that the two companies would merge and that technology would change so rapidly.

Ms. Lee agreed with Commissioner Crayton. This is the final option which will allow us to go out for bid. We will return to the Commission in a couple of months to seek approval to issue an RFP for these services.

Commissioner Strunsky asked Commissioner Crayton if she was asking the Commission to approve or oppose this resolution.

Commissioner Crayton responded that she was asking staff to consider what bringing AT&T to the table does because it gives them a toe up. They will know all of the details.

Commissioner Johns asked if we have any other options. This is like the scavenger contract. By the time it reached the Commission there was no other option. If we continue in this vein the infrastructure becomes intertwined and to change and give any other entity an opportunity will become more costly.

Ms. Lee agreed with Commissioner Crayton. This contract was awarded in 1999 to TCG who was subsequently bought out by SBC. We had no idea at that time that the two largest telecommunications companies would merge. This final option is timely as it will allow us time to prepare a good RFP.

Commissioner Crayton said the Airport has an excellent telecommunications department but she encouraged staff to speak with DTIS as there is a lot of litigation involving this.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Authorization to Enter into Contract Negotiations with Alcatel USA for the Airport's Communications Infrastructure

No. 06-0071 Resolution authorizing staff to enter into contract negotiations with Alcatel USA to secure after hours Network Operations Center (NOC), Helpdesk and other as-needed communications support services for three years with two one-year options.

Ms. Lee said that in January of this year the Commission approved the issuance of an RFP to provide after hours network operations monitoring, helpdesk and other as-needed communications support services. The RFP process has concluded. Two proposals were submitted and the panel identified the highest ranked proposer as Alcatel, USA.

Human Rights Commission staff determined that the services requested did not afford DBE subcontracting opportunities and approved a DBE subcontracting goal waiver.

Although these services were originally provided entirely by a contractor during the first two years, which began during the activation of the new International Terminal, we have made adjustments over the last four years to come up with the right mix of workers to provide this service. We have determined that a combination of City staff and a contractor providing the work was the most efficient and effective way to operate and manage our complex communications infrastructure.

Because we reduced some hours that City workers performed previously, and even though no City worker who performed the work was ever laid off because of this reduction, this contract requires Controller certification of the cost savings. The Controller has certified the cost savings and has forwarded a resolution to the Board of Supervisors affirming the savings and authorizing the use of a contractor. The Board's Budget Committee is scheduled to hear this on May 10.

The proposed contract term is for three years with two one-year options exercisable at the sole discretion of the Commission. We will return to the Commission to request award of the contract effective July 1, 2006 once negotiations are complete.

Commissioner Strunsky asked if this is an after hours contract.

Ms. Lee responded that it is for after hours, holidays and weekends.

Commissioner Strunsky asked who handles this work 16 hours of the day.

Ms. Lee responded that City employees handle the work.

Commissioner Strunsky assumed that this would be more cost effective because of the overtime involved.

Ms. Lee said that it is also due to the productivity of the staffing ... the call level did not warrant a full time employee during that period of time. This is the most efficient, cost effective way to manage both our manpower and financial resources. The company will perform this function remotely and provide similar services to other contracts.

Mr. McCoy noted that this service is off-site, not off-shore.

Ms. Lee said that we have a 24/7 operation and the infrastructure needs to be monitored 24 hours a day. We do have City employees on-call during the same period should they need to come to the Airport or provide a higher level of response.

Commissioner Johns said that she did not understand why Alcatel was chosen over Siemens.

Ms. Lee responded that the panel ranked the proposers based on established criteria. Siemens ranked significantly lower than Alcatel. Their documentation in regards to both experience and qualifications of staff was inadequate.

Commissioner Johns asked about the hourly rate.

Ms. Lee responded that Alcatel's hourly rate was very competitive.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Authorization for Staff to Negotiate a Contract with Polaris Research and Development, Inc. to Staff and Manage the Airport Information Booth Program

No. 06-0072

Resolution authorizing staff to negotiate a contract with Polaris Research and Development, Inc. to staff and manage the Airport's Information Booth Program for one year, from July 1, 2006 through June 30, 2007, with up to four one-year renewal options.

Mr. McCoy explained that pursuant to Airport Commission Resolution No. 05-0190, Airport staff prepared and issued a Request for Proposals (RFP) seeking qualified and experienced contractors to manage and staff the Airport's Information Booth Program. The RFP was issued on January 24, 2006, with the pre-proposal conference held on February 6, 2006. Two proposals were received by the March 3, 2006 deadline ... Strategic Staffing/RARS Joint Venture and Polaris Research and Development, Inc.

A review panel was convened to evaluate the written proposals and ranked the two firms, Polaris Research and Development, Inc, and Strategic Staffing/RARS Joint Venture, one and two respectively. The application of the DBE bid/rating discounts of 10% for Polaris and 7.5% for Strategic Staffing, as determined by the Human Rights Commission, resulted in no change in the respective ranking of each firm.

Based upon the findings of the review panel, Mr. McCoy recommended adoption of the resolution authorizing Airport staff to negotiate a contract with Polaris Research and Development, Inc. to staff and manage the Airport's Information Booth Program for one year, with up to four one-year renewal options. We expect negotiations to be completed within one month. Staff will return to the Commission to either formally award the contract to Polaris or to recommend the Commission adopt other measures if good faith negotiations fail to result in an acceptable contractual agreement.

Item No. 8 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

8. Modification No. 1 to Curbside Management Program Contract #OPS PS 95-8363
ShuttlePort/DAJA SFO Joint Venture - \$2,993,693.00

No.06-0073	Resolution approving the first contract renewal option with ShuttlePort/DAJA SFO Joint Venture extending the term of the contract period from July 1, 2006 to June 30, 2007 for an amount not to exceed \$2,993,693.00.
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Mr. McCoy explained that on December 21, 2004 the Commission adopted Resolution No. 04-024 approved award of a contract to ShuttlePort/DAJA SFO Joint Venture to operate the Airport's Curbside Management Program effective February 1, 2005 to June 30, 2006.

This item approves the first renewal option which extends the term of the contract from July 1, 2006 to June 30, 2007. Included in this renewal option year is funding to pay for an additional taxi coordinator to be stationed on the lower level of Terminal 3 during the busy evening hours, funding for a part-time administrative assistant plus funding for modest overall price increases. Taixcab trips handled by the Curbside Management Program increased 6.8% in 2005 compared to 2004. In addition, trips handled by the taxi dispatchers in the first 3 months of 2006 increased 16% compared to the first three months of 2005. Monthly door-to-door van passenger volumes handled by the Curbside Management Program have also increased 3.5% in March 2006 versus last year. Due to these increases, staff seeks approval for the additional

monthly amount of \$19,500 which is included in the new contract total requested within the resolution.

If Modification No. 1 is approved, the total contract costs from the commencement of this contract on February 1, 2005 through June 30, 2007 will be \$6,771,344.

Commissioner Strunsky assumed that staff is happy with this contractor.

Mr. McCoy responded we are very pleased. We work with the contractor daily ... sometimes hourly to monitor what is going on.

Commissioner Strunsky asked if we knew what was driving the 16% increase in taxi usage in the last year.

Mr. McCoy responded that we don't. There was a very busy convention business the first few months of the year. There have been record days where we have exceeded our taxi volumes of 2000. We have two three-hour periods where there is a steady line of customers and a steady line of taxis and we can hardly load them fast enough.

Door-to-door vans are up 3.5% and BART ridership has been up also.

★ ★ ★

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 9 through 13, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve the Consent Calendar was unanimous.

9. Bid Call - Contract No. 8204A - Secure Connector - Terminal 3 to Boarding Area "G"

No. 06-0074 Resolution authorizing a Bid Call for Contract 8204A, Secure Connector - Terminal 3 to Boarding Area "G".

10. Modification No. 8 to Information Booth Program Contract - Polaris/TRG Joint Venture
\$126,000.00

No. 06-0075 Resolution approving Modification No. 8 of the Information Booth Contract with Polaris/TRG Joint Venture by increasing the previously approved budget for the contract term of July 1, 2005 thru June 30, 2006 by \$126,000.00 for a new not-to-exceed total contract amount of \$848,000.00 to allow expansion of the flight information services provided through the contract to the Rental Car Center and the new Long Term Parking Garage.

11. Modification No. 1 to Lease No. GS-09B-01545 with the U.S. Government for the U.S. Drug Enforcement Administration

No. 06-0076 Resolution approving Supplemental Lease Agreement No. 1 to Lease No. GS-09B-01545 with the U.S. Government for the U.S. Drug Enforcement Administration to extend the term of the sublease and modify the rent structure.

12. Authorization to Participate in 2006 Air Passenger Ground Access Survey Contracted by the Metropolitan Transportation Commission - \$125,000.00

No. 06-0077 Resolution authorizing Airport participation of up to \$125,000.00 in the 2006 Air Passenger Ground Access Survey at Bay Area Airports, to be contracted by the Metropolitan Transportation Commission.

13. Modification No. 3 to SamTrans Route 397 Owl Bus Service - \$220,000.00

No. 06-0078 Resolution approving the third of four one-year contract options with SamTrans to help defray the unrecovered costs of operating the Route 397 Owl Bus Service. Annual cost is not to exceed \$220,000 for F Y July 1, 2006 through June 30, 2007.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Harvey Sherback addressed the Commission regarding SFO becoming a "Green Utility" and read a letter to the Commission into the record (see attachment.)

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 10:03 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of Phase 2 of the litigation entitled CCSF v. ARCO et al., U.S. District Court Case No. C97-2965MMC; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

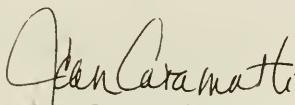
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:06 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

K. ADJOURNMENT:

There being no further calendarized business before the Commission the meeting adjourned at 10:07 A.M.



Jean Caramatti
Commission Secretary

The San Francisco International Airport
Airport Commission
Larry Mazzola
President

May 2, 2006

Dear President Mazzola, San Francisco International Airport Commissioners & Staff,

Your hard work in making The San Francisco International Airport a great success is very much appreciated!

As a proprietary and self-supporting department of the City and County of San Francisco, the San Francisco International Airport (SFO) is not supported by taxes. Instead, revenue is derived primarily from airport operations, food and retail concessionaires, parking fees and property rentals.

The following is a brief outline of my concept to create a new source of revenue for SFO while satisfying much of its energy needs.

THE SAN FRANCISCO INTERNATIONAL AIRPORT BECOMES A GREEN UTILITY

The San Francisco Airport with its strong financial resources, including venture capital funds, could purchase and install thousands of solar electric roof shingles and panels across the rooftops of its buildings.

SFO has the largest International Terminal square footage in North America plus the total square footage of Terminals 1, 2 & 3 is equivalent of 35 football fields. That adds up to a lot of rooftop space.

Additionally, the flat rooftops on the Airport's office buildings, giant airplane hangers, air-cargo storage facilities, Airmail facility, BART Station and Car Rental Center are also ideal for the installation of photovoltaic rooftops.

The airport can sell the electricity to the City of San Francisco under Community Choice Aggregation. Community Choice Aggregation (CCA), as defined by AB 117, permits any city, county or city and county to aggregate the electric loads of residents, businesses and municipal facilities to facilitate the purchase and sale of electrical energy.

As a rental incentive, the Airport could provide clean electricity directly to its concessionaires at a reduced rate.

The solar-electricity can also be used in-house to power:

- The AirTrain
- On-Airport Vehicles
- Courtesy Shuttles
- Plug-In Hybrid Rent-A-Cars
- Plug-In Hybrid Taxicabs
- Ground Service Equipment
- Air Condition Systems
- Baggage Carousels
- Elevators
- Escalators
- Moving Walkways & Conveyor Belts

SFO's outdoor parking lots, both long term and domestic, can be covered with solar panels to create Solar Carport Parking.

Solar-Electric Carports generate electricity while protecting vehicles from the weather, especially the sun's ultraviolet radiation.

Plug-in PowerPorts can be installed at SFO's parking lots and garages. A coin or card-fee would be collected for recharging plug-in hybrids, electric cars and buses, electric trucks, delivery vans, shuttles, and Segways.

Deep cycle batteries, used for emergency power, would be kept fully-charged by the Airport's photovoltaic rooftops.

On average, solar panels are guaranteed for 25 years and work for 40 years. After an initial short-term payback, SFO will have stabilized its energy cost and supply.

In addition to generating electricity solar panels help to insulate buildings, further reducing heating and cooling costs. By absorbing the sun's radiation the solar panels will extend the life and durability of the Airport's rooftops.

In 2005, FedEx implemented a Solar-Power Energy Program at its Oakland hub. They installed a 904-kilowatt photovoltaic system atop the roof of its 81,000 square-foot facility. The generated electricity fuels 80 percent of the facility's energy needs.

Now is the right time for the San Francisco International Airport to take advantage of the [California Solar Initiative](#).

At its January 12th meeting, the California Public Utilities Commission approved the California Solar Initiative (CSI). The CSI is a ten-year solar incentive program that aims at making solar technology a mainstream energy source while offsetting tons of CO2 pollution and stabilizing the utility grid. One of the program's main goals is to install 3,000 megawatts of solar power in California or the equivalent of one million solar electric rooftops by 2017.

SFO's Commitment To The Environment:

"San Francisco International Airport takes seriously its role as a steward of the environment. We are dedicated to operating in harmony with the Bay Area and to protect our natural resources."

Over time, the tremendous amount of clean solar electricity generated by SFO would qualify it as a Green Utility.

By adding a solar electric utility to its portfolio The San Francisco International Airport will help to create a better world while enhancing its value.

Sunshine is gold in California!

Let's get solar,

A handwritten signature in black ink, appearing to read "Harvey Sherback".

Harvey Sherback

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

May 24, 2006
Special Meeting

DOCUMENTS DEPT

2:30 P.M.

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Special Meeting of
May 24, 2006

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AIRPORT COMMISSION SPECIAL MEETING MINUTES
May 24, 2006

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 2:33 P.M. in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President Hon. Michael S. Strunsky, Vice President Hon. Linda S. Crayton Hon. Caryl Ito
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Absent:	Hon. Eleanor Johns
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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 2, 2006 adopted unanimously.

No. 06-0080

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

1. Retirement Resolution - Robert P. Blennerhassett

No. 06-0081	Resolution expressing best wishes for the fullest measure of health, happiness, and fruitful retirement to Mr. Robert P. Blennerhassett.
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Mr. John Martin, Airport Director, said that Mr. Blennerhassett is retiring after 29 years of service to the City, 23 of which have been at SFO. Bob served as Maintenance Superintendent for many years, and also served one year as Acting Assistant Deputy Director for Maintenance. He instilled a great sense of pride of ownership in his staff. We will miss him, but wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Blennerhassett on his retirement.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Retirement Resolution - Steve Wedi

No. 06-0082 Resolution expressing best wishes for the fullest measure of health, happiness, and fruitful retirement to Mr. Steve Wedi.

Mr. Martin said that Steve Wedi is retiring after 39 years of service, 14 of which were at the Airport. As Maintenance Manager he was responsible for the Scheduling and Control Section and the computerized system that keeps track of maintenance management. Mr. Wedi always set the highest standards in his work and had a wealth of technical knowledge that he brought to his job. We wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Wedi on his retirement.

* * *

E. DIRECTOR'S REPORTS:

3. Report on New Federal DBE Regulations for Airport Concessions, Adopted by U.S. Department of Transportation on March 22, 2005

Report on new Federal DBE regulations for Airport Concessions.

Mr. Leo Fermin, Deputy Director, Business and Finance, said that last year the U.S. Department of Transportation issued new Federal DBE Regulations for Airport concessions. These rules addressed areas such as the size standards for a small business to qualify as an "Airport Concession Disadvantaged Business Enterprise" (ACDBE). They also addressed the personal net worth standard (not to exceed \$750,000) for an owner of such a business, and the goal setting for a three-year period (FY2006-2009).

For SFO, this rule directly affects us in several areas: first, our parking management contract is now defined as a "concession" under these rules where previously it was awarded as a professional services contract under the City's M/W/LBE Utilization Ordinance. Next, airports are now required to assist car rental companies in determining their annual ACDBE goals for purchases of goods and services, and these companies must document their good faith efforts. The new rule also addresses setting goals for a 3-year period.

Attached to the Commission's report is a summary of the key provisions of these new rules.

Commissioner Ito asked if the dollar amount remain the same ... \$30 million in gross receipts.

Mr. Fermin responded that he was not sure what the previous dollar amount was.

Mr. Martin thought it was \$30 million.

Commissioner Ito was confused as to how the City was going to manage this.

Mr. Martin responded that he has been sitting in on meetings with the City Attorney's Office. The City is not going to have race or ethnic specific goals given that decision until such time that a disparity study is conducted. Then, based on the disparity study, a determination will be made by the City on whether to have race and ethnic specific goals. The City Attorney's Office is hiring a contractor to do the study. The study should be completed by September and should be on the Board calendar by October or November.

Commissioner Ito assumed that the facts on disparity will be updated.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito thanked Theresa Lee for her update on Safety and Health and the report on Workers Comp. A 19% reduction is an impressive figure. It appears that progress is being made to address the areas of most concern, like Custodial Service. She asked for a six-month report rather than an annual report.

Mr. Martin responded that he will provide a six month report.

Commissioner Ito asked for an update on the impact that Spirit and Frontier will have for SFO. She also assumed that Horizon's new scheduled service out of Sonoma County Airport would have a minor impact on us.

Mr. Martin said that a more detailed report on traffic will be provided to the Commission.

Our domestic traffic, fiscal year to date, is up 1%. April was up 4.5% but that is partly due to Easter shifting from March to April this year. We are still forecasting a 1-2% growth in domestic and about 6% in international activity for next year. Clearly, a low cost carrier adding flights could drive those numbers to a higher level than we are projecting.

He has been supportive of Sonoma County resuming commercial flights.

Generally, for the Bay Area to be able to handle growth in passenger traffic in the future, it is important for Santa Rosa, Stockton, and Buchanan Field in the East Bay to handle some level of commercial activity. It is going to make a very small dent in our activity level. Horizon's flights ... two daily flights to Seattle and one daily to L.A. ... is a small part of our traffic. It is also a plus for people who live that far from SFO and Oakland to be able to get short haul flights near to where they live rather than having to drive an hour and a half to get to airports.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 4 through 7 were called together. Item Nos. 4 through 7 were moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Authorization to Enter into a Memorandum of Understanding with the U.S. Department of Homeland Security for the Air Cargo Explosives Detection Pilot Program

No. 06-0083

Resolution authorizing the Airport to enter into a Memorandum of Understanding with the U.S. Department of Homeland Security for the Airport's Air Cargo Explosives Detection Pilot Program.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction said that the U.S. Congress has tasked the Department of Homeland Security (DHS) with conducting a pilot program to test new concepts of operation in air cargo screening and explosives detection systems. DHS has contracted with the University of California Lawrence Livermore National Laboratory (LLNL) to conduct \$30 million cargo explosives detection pilot programs at three airports. SFO has been identified as one of the three airports to receive funding for a pilot program. Of the \$30 million, \$15 million has been allocated to SFO for its Pilot Program to test the effectiveness of existing technologies on improving capacity of screening of cargo which is belly lifted loaded ... cargo carried on passenger aircraft. The objective of the SFO Pilot Program is to develop a national architecture for cargo screening which will allow up to a minimum of 60% of cargo screening to occur.

The remaining \$15 million will be used to conduct pilot programs at two other airports. Tentatively, Seattle will be testing the effectiveness of using trained dogs to detect stowaways in cargo. Cincinnati is tentatively scheduled to test the effectiveness of utilizing inline baggage screening systems for screening cargo.

The Airport proposes to proceed with the Pilot Program in two primary phases. Phase 1 consists of these four agenda items. Two of the items relate to the Memorandum of Understanding between the Airport and DHS, and a Reimbursement Agreement between the Airport and LLNL. The other two items relate to modifications to professional and construction services for early activities that relate to the Pilot Program, i.e. the removal of four surplus Stage 3 CTX9000 machines at the International Terminal. They are surplus machines since the Federal Government changed the screening protocols and got rid of the need for Stage 3 screening. The intent is to remove these machines and at a later date deploy them in cargo facilities that identified for the Pilot Program.

The Airport is proposing this phased approach in order to meet the schedule challenges of the SFO Pilot Program.

Phase 1 Authorizations:

SFO/DHS Memorandum Of Understanding (MOU): The Airport proposed to enter into an MOU with DHS to formalize the terms and conditions for implementing the SFO Pilot Program. The content of the MOU has been agreed upon by both parties, and provides that:

- DHS and SFO will work together to establish protocols for cargo screening belly lift air freight.
- SFO will permit DHS to use four Airport-owned surplus CTX9000 machines for the SFO Pilot Program, with any and all costs incurred related to the use of those machines and the removal of those machines will be fully reimbursed under the Reimbursement Agreement under the Pilot Program. .
- DHS and TSA, in cooperation with SFO, will allow for the use of new approved CTX9000 screening protocols currently in development under other TSA pilot programs.
- SFO will allow DHS access to appropriate facilities, equipment and other property owned or operated by SFO, for the purposes of conducting the SFO Pilot Program.
- Parties agree that the SFO Pilot Program shall be conducted in a manner which does not unduly interfere with the operation of SFO.
- Parties acknowledge and agree that both the DHS and SFO have certain sensitive privileged information that shall be agreed to and remain as such.

DHS is also entering into separate MOUs with the cargo carriers which facilities will be used for deployment of the systems at SFO. The current designated air cargo facilities are United, Delta, American, and Northwest/Continental.

5. Reimbursement Agreement with the University of California Lawrence Livermore National Laboratory - \$10,000,000.00

No. 06-0084

Resolution authorizing the Airport to enter into a Reimbursement Agreement with the University of California Lawrence Livermore National Laboratory to provide project management, professional services and construction as part of the Airport's Air Cargo Explosives Detection Pilot Program, in the estimated total amount of \$10,000,000.00. The Airport's costs will be fully reimbursed by the University of California Lawrence Livermore National Laboratory.

This second item relates to the Reimbursement Agreement between SFO and LLNL. The amount identified for the SFO scope is \$10 million out of the \$15 million set aside for SFO.

The Airport proposes to enter in a Reimbursement Agreement for the Airport to provide project management, professional services and construction services in support of the SFO Pilot Program.

The scope of the Airport's services will provide for the removal of the four CTX9000 machines from the International Terminal's inline EDS baggage handling system as well as the deployment of these machines and the conveyor systems at the four cargo facilities. As part of the removal scope, they will also replace those machines with the appropriate conveyors and controls. Airport staff is recommending that the deployment of the systems include necessary equipment and controls to provide for as much automation as possible in order to meet the 60% screening goal. This will also help to reduce labor costs and injuries to cargo handlers and will mitigate potential economic and operational impacts to the air cargo businesses.

Upon obtaining Commission approval, as part of the process the Airport will respond to the RFP issued by LLNL for the Airport to provide the aforementioned services. As agreed to by LLNL, the proposal will include a preliminary budget of \$9.7 million which will provide for both Airport services as well as the services of any contracted work for professional and construction services. The Airport has reviewed the proposed business terms of the agreement and we have drafted a response which we will be providing upon receipt of Commission authorization. The remaining amount of the \$15 million allocation for the SFO Pilot Program goes to LLNL's program management costs, data collection, modeling/simulation development, and supplying screeners which will support the systems following deployment at the cargo facilities. In this type of program, budgets are subject to change as design progresses and we will be monitoring that closely.

The Reimbursement Agreement is structured as a cost plus fixed fee agreement, whereby all costs incurred by the Airport will be fully reimbursed by LLNL, with no risk to the Airport. Professional and Construction services contracted out by the Airport will be structured as actual cost plus fixed fee agreements in accordance with Federal contracting regulations. If necessary, the Airport will either reduce scope or stop work, as mutually agreed with LLNL, so as not to exceed the budget. The schedule has been developed in cooperation with LLNL for implementation of the Program. Initial cargo screening systems will be in place by October 2006 with the intent of having full deployment of the CTX9000s and systems by April 2007. The Pilot Program, including all data collection and analysis, will extend through December 2007.

With Commission approval, the Airport will submit the proposed Reimbursement Agreement to the Board of Supervisors for approval, pursuant to SF Charter Section 9.118(a) requiring such approval for contracts with estimated revenue to the City in excess of one million dollars.

6. Modification No. 2 to Contract No. 8136PS - Airport Security Systems Integration (Professional Services) - Approving Consent to Assignment from Quatrotel, Inc. to Quatrotel LLC - \$200,000.00

No. 06-0085

Resolution approving Modification No. 2 and Consent to Assignment to Contract No. 8136PS, Airport Security Systems Integration (Professional Services) with Quatrotect, Inc., to Quatrotect LLC and increasing the not-to-exceed contract amount by \$200,000, for a new contract amount of \$9,000,000 to provide professional services to decommission and remove four surplus CTX9000 explosives detection machines and replace with baggage system conveyors and controls. This work is required to support implementation of the Airport's Cargo Explosives Detection Pilot Program.

Quatrotect was selected through an RFP process to provide for professional services related to engineering, construction management, systems integration and operational support for the 100% inline EDS baggage handling systems, access control, CCTV, perimeter intrusion detection and the development of the Security Operations Center.

This modification will provide for professional services related to the initial scope for removal of the four surplus CTX9000 machines from the International Terminal and their replacement with associated conveyors and controls.

This modification also assigns the remainder of the contract from Quatrotect, Inc., to Quatrotect, LLC, to reflect the purchase of Quatrotect, Inc. by Alien Technology.

The costs for this modification are budgeted in the SFO Pilot Program and will be fully reimbursed on a cost plus fixed fee basis as part of the Reimbursement Agreement with LLNL.

Due to the specialized nature of the work, the Airport's Small Business Affairs Office determined that there are no DBE participation goals for this contract. However, Quatrotect has achieved an 8% overall DBE participation level on the original contract amount of \$5.5 million.

7. Modification No. 2 Contract No. 8136C - In-Line Explosives Detection Baggage Inspection Systems - Domestic Terminals - D.W. Nicholson - \$960,000.00

No. 06-0086

Resolution approving Modification No. 2 to Contract No. 8136C, In-Line Explosives Detection Baggage Inspection Systems at domestic terminals with D.W. Nicholson, in an amount not-to-exceed \$960,000 for removal of four surplus CTX9000 explosive detection machines and replacement with baggage system conveyors and controls. This work is required to support the implementation of the Airport's Air Cargo Explosives Detection Systems.

D.W. Nicholson was awarded a construction contract for implementation of 100% EDS baggage handling systems at the Domestic Terminals and a modification which provided for phased EDS construction to minimize operational impacts, replacement of a baggage handling sort controller, and activation of a deferred bag claim unit in the International Terminal.

The Airport proposes to modify this contract to provide for construction services related to the initial scope of the SFO Pilot Program for removal of the four surplus CTX9000 machines replacement with the associated equipment.

The costs for this modification are budgeted in the overall Program and will be fully reimbursed through the Reimbursement Agreement with LLNL.

The DBE participation goal for this contract is 14%, which D.W. Nicholson has achieved to date.

As mentioned previously, staff anticipates returning to the Commission in July to request authorization to proceed with Phase 2 procurements in support of the Pilot Program which will essentially be for the deployment of the EDS systems in the cargo facilities. We will obtain Commission approval for an RFP for Professional Services for that work as well as a bid call for construction services.

Commissioner Strunsky asked who came up with the goal of 60% cargo screening ... and which 60% is that?

Mr. Satero responded that it is 60% of all cargo loaded into the belly of passenger aircraft.

Mr. Tryg McCoy, Deputy Director, Operations and Security responded that Congress mandated DHS to do a pilot study to screen 60% of cargo on passenger aircraft.

Commissioner Strunsky asked how that 60% was determined.

Mr. McCoy responded that it was a Congressional number.

Commissioner Ito asked when all of this will be operational.

Mr. Satero responded that data collection will start in October 2006, beginning with an early deployment of trace detection equipment in those cargo facilities. After the full deployment of CTX machines in April, data will be collected on those systems from April through December 2007. The program is scheduled to complete in December 2007.

Commissioner Crayton asked for a review of the funding.

Mr. Satero said that the nation-wide Federal Pilot Program is \$30 million. Of that amount, \$15 million has been allocated to SFO's program. Of that amount, the services that SFO will provide will come to about \$10 million, with the remaining \$5 million going to LLNL to cover costs for data collection.

Mr. Martin explained that the entire \$15 million goes to LLNL. They are contracting with SFO for \$10 million, and they get the remaining \$5 million.

Mr. Satero added that we are fully protected under the Agreement.

Commissioner Mazzola told Mr. Satero that he did a good job.

Item No. 8 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Award of Contract No. 8433AR - Old Boarding Area "A" Abatement and Demolition - A&B Construction - \$5,071,307.00

No. 06-0087

Resolution awarding Contract No. 8433AR, Old Boarding Area "A", Abatement and Demolition to A&B Construction in the amount of \$5,071,307.00.

Mr. Satero explained that this awards demolition of old Boarding Area A, the abatement of asbestos, and the clean-up of contaminated soil and groundwater within the footprint of Old Boarding Area A. The project also includes relocation of three jet bridges to Boarding Area B and slurring of a section of the pipeline on the footprint of the site.

This is part of the overall program to activate the remaining three gates in the International Terminal. After the Master Plan we were unable to activate three gates ... A1, A3 and A5 because USAir was still operating out of Old Boarding Area. With the merger of US Airways operation with America West and their relocation into Boarding Area B, it has opened the way to demolish this structure and activate A1, A3 and A5. This is the first phase of that overall program. This will allow the Airport to continue to meet the growth in International traffic, as well as accommodate additional domestic activity within the International Terminal Boarding Area A.

Following this work, the Airport will proceed with the construction of the apron and taxiways and provide the necessary aircraft servicing infrastructure to these positions.

The Airport will also activate a deferred baggage claim carousel on the A side of the International Terminal.

Three bids were received. The low bid was submitted by A&B Construction at \$5,071,307. The HRC has determined that A&B Construction is eligible for a 10% bid preference as they are a certified DBE firm. A&B was determined to be the low bidder on this contract.

A bid protest was received from Evans Brothers, Inc. alleging that 1) A&B is not performing an adequate amount of the work as the prime contractor; 2) A&B does not possess the necessary certifications for asbestos abatement and hazardous

materials removal; and, 3) A&B's documents were not signed by a corporate officer.

Airport staff, the City Attorney's Office and the HRC have reviewed Evans Brothers' protest and have determined that the protest is without merit.

The HRC local DBE subcontracting goal is 9%. A&B has committed to a goal of 10.8%.

Funding for this contract will be provided from the Activation of A Gates Program funding as well as operating funds.

Item No. 9 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

9. Authorization to Enter into an Memorandum of Understanding with the Airport Commission and the San Francisco Public Utilities Commission

No. 06-0088

Resolution authorizing the Airport Director to enter into an Memorandum of Understanding with San Francisco Public Utilities Commission (SFPUC) for the installation of SFPUC owned solar power generation equipment at the Airport.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance said that for the last few months the Airport Commission staff has been meeting with the Public Utilities Commission staff to negotiate an MOU to increase the use of solar energy at the Airport. We have come to agreement regarding the MOU. As a result, the Airport will design and construct solar energy. The first project will be on Terminal 3. The PUC will pay for the design, construction and maintenance of the project. They will own the electricity that is generated and will maintain the system over the next 25 years.

This project will provide approximately 1 megawatt of electricity which is the amount that would be used by about 1,000 homes in his area. We think it will be a big benefit to the Airport, even though our prices will not go down since we will be buying the electricity from the PUC, it will lessen our dependence on the grid, especially during peak summer periods when our energy costs are higher.

Commissioner Strunsky asked if the PUC will be selling the electricity at rates that will be comparable to what we are paying PG&E.

Mr. Eavis responded that we buy all of our electricity from the PUC and their rates are governed by what PG&E charges. As PG&E rates fluctuate, so do PUCs rates. So, the price will be the same for electricity whether we go ahead with this project or not.

Commissioner Strunsky wanted to make sure that the airlines are not going to get a bargain out of this.

Mr. Eavis responded that the airlines will pay the same rates they are currently paying, based on the Lease and Use Agreement. They do receive a reduced rate from the PUC as part of the Lease and Use Agreement.

By Charter, City departments do not have the option to purchase electricity from anyone but the PUC.

Commissioner Mazzola asked if the PUC was doing this in other locations.

Mr. Eavis responded that they are also doing this at Moscone Center and the Port.

Commissioner Strunsky said that this is a good green policy.

Mr. Eavis responded that it is.

Item No. 10 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

10. Revision of the Five-Year Capital Plan

No. 06-0089

Resolution 1) approving revisions to the Airport's Five-Year Capital Plan for FY 2006/07, and 2) authorizing the Airport to seek an appropriation of \$46,528,071 in additional funding.

Mr. Fermin said that this year's annual update to the rolling Five Year Capital Projects Plan involves the addition of 14 new projects to the Plan, budget increases to 17 projects, and budget reductions for three projects.

The 14 projects being added to the Plan are mostly infrastructure improvement works. The five largest of these are the Overlay and Reconstruction of Runway 28L-10R for \$14.5 million; Phase II of Taxiways H and M Realignment for \$8.7 million; Airfield Markings and Lighting Improvements for \$5.3 million; a New Fire Suppression System for the SuperBay Hangar for \$3.8 million; and, Restroom Renovations in Terminal 1 for \$3.1 million.

Of the proposed increases to project budgets, what appears as the largest increase is actually the establishment of the full budget for the Industrial Waste Treatment Plant. The Five Year Plan approved last year only included an initial provision of \$500,000 for A&E costs and today's update establishes the full \$25 million of the budget. One other project (Wetlands Mitigation) was previously included in the last year's Plan but at a zero budget, and this revision now provides a budget of \$6 million. Other increases to project budgets reflect additions to scope (such as planning for two way passenger traffic in the secure connector) or higher equipment and hazardous materials abatement costs.

The attached resolution also approves an appropriation of \$46.5 million for capital uses from existing funding resources.

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 11 through 22, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

11. Request for Qualifications for Professional Services Contract 8136D - 100% In-line Explosives Detection Baggage Inspection Systems High Tech Maintenance

No. 06-0090 Resolution authorizing staff to Issue a Request for Qualifications for Professional Services for Contract 8136D - 100% In-line Explosives Detection Baggage Inspection Systems High Tech Maintenance.

12. Award Contract 8638 - South Field Checkpoint Relocation - JMB Construction, Inc. - \$658,856.00

No. 06-0091 Resolution awarding Contract 8638, South Field Checkpoint Relocation, to the lowest responsive, responsible bidder, JMB Construction, Inc., in the amount of \$658,856.00.

13. Modification No. 3 - Extend Marketing Services Contract with The M-Line - \$1,048,000

No. 06-0092 Resolution approving Modification No. 3 to The M-Line contract authorizing the second of two one-year options and the scope of work and budget in the amount of \$1,048,000.00 for the fourth year of the contract for marketing services for a total not-to-exceed contract amount of \$3,548,000.00.

14. Approve the First of Three, One-Year Options and Modification No. 2 to the Professional Services Contract for Airline Liaison Office Services with Airport & Aviation Professionals, Inc. for a not-to-exceed amount of \$410,000.00

No. 06-0093 Resolution approving a contract extension for the first of three, one-year options under Professional Services Contract 4094-03/04, pursuant to Resolution 04-0127, for Airline Liaison Office Services with Airport & Aviation Professionals, Inc., and approving Modification No. 2 for a not-to-exceed amount of \$410,000 for Fiscal Year 06/07.

15. Modification No. 10 to Professional Services Contract with Gerchick-Murphy Associates to Provide Continued International and Domestic Aviation Development Services - \$125,000.00
- No. 06-0094 Resolution approving Modification No. 10 to Professional Services Contract with Gerchick-Murphy Associates to increase the amount by \$125,000 for a new total not-to-exceed amount of \$980,000 for continued International and Domestic Aviation Development services.
16. Final Modification (No. 4) to the Professional Services Contract with BridgeNet Consulting Services International - \$70,000.00
- No. 06-0095 Resolution approving final Modification (No. 4) to Professional Services Contract with BridgeNet Consulting Services International to extend the term of the agreement until June 30, 2007 and increase the dollar amount by \$70,000.00.
17. Final Modification (No. 4) to the Professional Services Contract with Harris Miller Miller & Hanson - \$75,000.00
- No. 06-0096 Resolution approving Modification No. 4 to the Professional Services Contract with Harris, Miller, Miller & Hanson to extend the term of the agreement until June 2007 and increase the amount by \$75,000.00.
18. Contract with Turbo Data Systems, Inc. for Parking Citation Processing and Adjudication Services - \$150,000.00
- No. 06-0097 Resolution approving a contract with Turbo Data Systems, Inc., for parking citation processing and adjudication services for an initial term of five years beginning July 1, 2006 through June 30, 2011 with an option to extend for an additional three years pursuant to the terms of the San Mateo County Cities and Agencies cooperative procurement in an amount not to exceed \$150,000.00 for the initial five year term.
19. Bid Call - Contract No. 8491 - Taxiways 'H' and 'M' Realignment, Phase II
- No. 06-0098 Resolution approving the scope, budget and schedule for Contract 8491, Taxiways 'H' and 'M'

Realignment, Phase II, and authorizing the Director to call for bids when ready.

20. Reject All Bids - Contract 3832R - West Underpass Barrier Rail Replacement

- No. 06-0099 Resolution rejecting all bids for Contract 3832R, West Underpass Barrier Rail Replacement, and authorizing the Director to re-bid the project or to incorporate this work into another similar future project.

21. Amendment to the Fiscal Year 2005/2006 Airport Rates and Charges

- No. 06-0100 Resolution amending the Fiscal Year 2005/2006 Airport Rates and Charges authorizing a long-term parking rate of \$12 per day with the opening of the long-term parking garage.

22. Authorization to Accept and Expend Transportation Security Administration (TSA) funding for the K-9 Explosives Detection Team Program - \$1,816,483.00

- No. 06-0101 Resolution authorizing acceptance and expenditure of Transportation Security Administration (TSA) funding for the K-9 Explosives Detection Team Program in the amount of \$1,816,483.00.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 3:10 P.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

June 6, 2006

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9:00 A.M.

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SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
June 6, 2006

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AIRPORT COMMISSION MEETING MINUTES

June 6, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent:

Hon. Linda S. Crayton

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of May 24, 2006 were adopted unanimously.

No. 06-0102

* * *

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Kathryn Pennypacker

No. 06-0103

Mr. John Martin, Airport Director, said that Kathryn has been a member of the Airport legal team for 13 years and in the City Attorney's Office for 29 years. She has been a very dedicated member of the Airport team. Kathryn became a bond expert while at the Airport, successfully handling \$2.9 billion in bond issuances. She handled all of the legal work for the Airport's first Commercial Paper issuance, she led the legal work associated with our Museum accreditation program, and handled the two FAA OIG audits. She has done an outstanding job.

Mr. Martin said that he will personally miss Kathryn and wished her well in her retirement.

Ms. Pennypacker thanked the Director and Commissioners and said that she is very honored. She has enjoyed the 13 years she has spent at the Airport and has learned so much. It is very different from being in City Hall. It has been a legal adventure from beginning to end.

Commissioner Ito said that she has had contact with some of the attorneys that have worked with Ms. Pennypacker on the bonds and they have been very impressed, remarking that the Airport is not like any other department they have worked with. This staff really knows what it is doing.

Ms. Pennypacker thanked Commissioner Ito and said that to some extent that is due to the fact that the Airport is very professional and is always moving very quickly and doing new and different things all of the time. The attorneys have to keep running to keep up.

Commissioner Mazzola congratulated Ms. Pennypacker on her career.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Commendation to the Airport/Community Roundtable on the Occasion of its 25th Anniversary

No. 06-0104

Mr. Martin said that this resolution commends the Roundtable for its 25 years of service. The Roundtable consists of elected officials from San Mateo County cities, the County itself and representatives from the Airport. It serves as a forum for those officials, together with the FAA and airline pilots, to come together to try and reduce noise issues.

We were the first Roundtable of this type to be formed in the country and have served as a model for airports around the world in the way communities work with airports on noise issues.

The Roundtable, with the Airport, worked to insulate all 15,000 homes in the noise contour area.

Commissioner Strunsky asked who represented San Francisco on the Roundtable.

Mr. Martin responded that Jack Berry represents the Mayor. The Board of Supervisors does not have a representative named at this time.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of Contract No. 5706BR - Terminal 1 AirTrain Pedestrian Bridge and Mezzanine - D.W. Nicholson Corporation - \$14,345,130.00

No. 06-0105

Resolution awarding Contract 5706BR, Terminal 1 AirTrain Pedestrian Bridge and Mezzanine to D.W. Nicholson Corporation in the amount of \$14,345,130.

Mr. Ivar Satero, Deputy Director, Design and Construction explained that on May 18, 2006 the Airport received two bids ... one from D.W. Nicholson in the amount of \$14,345,130 and one from Proven Management in the amount of \$18,609,274.

Airport staff did significant outreach to encourage bidder participation both before and during the bid phase, including contacting existing Airport contractors and new contractors who would typically bid this type of work and making personal contact with principals of those firms at all levels to inform them of the contract and encourage their participation, along with all of the other outreach we typically do in advertisements, etc. During the bid phase we made adjustments to the contract documents to reflect contractor concerns that came up during the bid phase ... including extending the bid date to allow contractors more time to prepare a responsible bid, removing difficult-to-bid dewatering/spoils removal work from the lump sum bid and including the work by allowance, and performing difficult-to-bid advanced construction work to help mitigate contractors risk. That work was then assigned to the Task Order contractor that the Commission approved previously. The intent was to reduce overall contractor's risk and minimize changes due to unforeseen conditions during construction of the larger project.

The Engineer's Estimate is \$10.8 million for this contract. The Airport performed two independent cost estimates, and substantially increased the 2nd estimate following the previous bid of this project which was the bridge and mezzanine structural steel. We reviewed those bids and reviewed the previous estimate and established a new estimate of \$10.8 million.

From the bid analysis, staff has determined that the significant spread between the low bidder and the Engineer's estimate is a function of:

- 1) Significantly higher than expected architectural metals costs, including a cost of almost \$1 million for the metal soffit which is an architectural treatment on the underside of the bridge.
- 2) Significantly higher than anticipated markup for general conditions and profit. We would plug in 6% for profit and they used between 12-15% profit or more

in the case of the second bidder.

- 3) Lack of competition among key subcontractors.
- 4) Subcontractor pricing for metal and architectural work and products ... they are pricing the volatility of the market for these products into their bids because of the volatility that we see in demand and the cost of these materials and what's going to happen over the next 8 months to a year when the products are actually purchased. They are covering the risk by putting in high prices for their scope.
- 5) Airport operational restrictions which may impact contractor efficiency and productivity.

To help avoid this degree of spread from the Engineer's estimate in the future we want to look at contracts with a high level of complexity and difficulty and involve the construction community with high risk type scope items to get a better feel for the potential cost of these items and their perceptions of risk and pricing volatility. We are hopeful that will help us produce more reliable Engineer's estimates.

Funding for this contract will be provided from the Terminal 1 AirTrain Bridge and Mezzanine project along with other projects funded under the Airport's 5-Year Capital Improvement Program. The contract duration for substantial completion is 10 months.

The local DBE subcontractor participation goal for this contract is 9%. HRC staff has determined that D.W. Nicholson has met this goal.

Given the amount of the low bid, staff proposes to increase the project budget to \$17,260,000. This amount will provide for the award of this contract for \$14,345,130, Administrative A/E & I costs in the amount of \$1,839,785 and a contingency budget of \$1,075,085. Staff will be reviewing various cost reduction options with the contractor following award.

Commissioner Johns asked if the architectural metal was decorative or structural.

Mr. Satero responded that it was decorative. It is the same treatment that is under the Terminal 3 bridge. It's a very expensive cost item. When we bid that bridge back in 1999/2000, at an average of four bidders, it came in at about \$3.7 million. The pricing for that element alone for this project was almost \$1-million.

Commissioner Ito said that Mr. Satero is asking for \$17.2 million but the contract is for \$14.7 plus \$1.75 million, so where is the other \$2 million going.

Mr. Satero said that he is asking for approval of the revised overall project budget. The construction contract award is \$14 million, \$2 million in A/E & I costs, and a contingency budget of \$1 million. That would be the new total project budget.

Commissioner Strunsky applauded the idea of involving the construction contracting community in determining engineer's estimates. The construction

industry is so volatile today that some of the old rules that have existed for years don't apply any more. It used to be that if you knew what a ton of steel or a cubic yard of concrete cost, and you knew there was a 5-7% inflation factor, you could come up with an engineer's estimate based upon the experience of a year ago. You can't do that any more in todays construction market. There are so many issues dealing with commodity pricing and labor availability that the architects and engineers who are working from information six months to two years old are less capable of coming up with a valid engineering estimate. He hoped that in the future we can involve contractors who are out in the market and have a better feel for these costs.

There was an article in the New York Times yesterday about a couple of entities that plan to build a large hotel/casino complex on the Las Vegas strip and how there are three or four other similar projects there that have been put on hold because construction costs have risen 30% in the last year. That is what we are seeing here.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

4. Approval to Issue a Request for Proposal for Design-Build Services Contract No. 8679 - Air Cargo Explosives Detection Pilot Program

No. 06-0106	Resolution authorizing the Airport to Issue a Request for Proposals for Design-Build Services for Contract No. 8679, Air Cargo Explosives Detection Pilot Program.
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Mr. Satero said this item provides for the first Phase 2 authorization of the Air Cargo Explosives Detection Pilot Program (ACECPP). This item will authorize the issuance of an RFP for design/build services to support the implementation of the Pilot Program at SFO.

On May 24, 2006 the Commission provided Phase 1 authorization in support of the Pilot Program, including ...

- 1) Authorization to enter in a Memorandum of Understanding (MOU) with the Department of Homeland Security (DHS) to formalize the terms and conditions for implementing the SFO Pilot Program.
- 2) Authorization to enter into a Reimbursement Agreement with the University of California Lawrence Livermore National Laboratory (UCLLN) to provide for reimbursement of all costs incurred under the Pilot Program in the amount of \$10 million subject to Board of Supervisors approval.
- 3) Authorization to modify Contract No. 8136PS, which is for security-related tasks with Quatrotect, to provide professional services related to early activities of the Pilot Program associated with the removal of the four existing CTX9000

machines in the International Terminal which would be used for deployment under the Pilot Program.

- 4) Authorization to modify Contract No. 8136C with D.W. Nicholson to provide construction services related to advanced scope of the Pilot Program for removal of the four existing machines.

This authorization will initiate the Phase 2 work which will provide for deployment of the CTX systems at four of SFO's air cargo facilities.

The scope will include engineering, systems integration, construction management, construction and high tech maintenance for the Pilot Program, in an estimated amount of \$8,150,000, with a term of two years. This is included in the \$10-million budget established under the UCLLN Reimbursement Agreement. The term of the contract is two years. The structure of the contract will be based on actual cost plus fixed fee, in accordance with Federal Acquisition Regulations (FAR) and will be fully reimbursed through the Reimbursement Agreement.

The Airport will prepare a selection process based on FAR guidelines, similar to the "Best Value" process used to procure construction services in support of the Airport's 100% In-Line EDS Baggage system. The selection panel will evaluate the proposals based on technical qualifications and experience, design approach, cost realism, cost and schedule management plan, and the DBE management participation plan. The selection panel will also interview key personnel and check similar project client references.

Following completion of the process, staff will return to the Commission with a recommendation to award the contract based on the best value provided to the Airport for the services by the highest ranked bidder.

The Airport's Small Business Affairs Office will develop the DBE participation goals for this contract.

Item Nos. 5 and 6 were moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Modification No. 1 to Extend Unit Prices for Contract 3828A - (FAA A.I.P. No. 3-06-0221-23) - Power Distribution System (PDS) Loop Connection Phase 1 - Granite Rock Company dba Pavex Construction Division - \$4,300,000.00

No. 06-0107

Resolution approving Modification No. 1 to Extend Unit Prices for Contract 3828A (FAA A.I.P. No. 3-06-0221-23), Power Distribution System Loop Connection, Phase 1, with Granite Rock Co. dba Pavex Construction Division, to increase the original contract in an amount not to exceed \$4,300,000, for a total contract amount of \$9,997,165.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance, said that this item and the one that follows are basically the same. Both are contracts awarded by the Commission, and both are part of AIP 23, a Federal grant that will be closed out by the middle of next month.

We have completed almost all of the scope within that grant but we find that we still have a considerable amount of money left in the grant. Any money that we don't spend will be put back in a pool for redistribution by the FAA to other airports based on their projects.

We are asking the Commission to modify these two contracts. Contract 3828A will extend the 12kv cable approximately 20,000 feet so that we have redundancy in the airfield system. We did not do this work under this contract originally because we did not think we had enough money.

We are asking the Commission to allow us to increase the amount for this project, but not to exceed the \$9.9 million, to use up the funds that are still in the grant before we close it out. The work will be completed before mid July.

6. Modification No. 1 to Extend Unit Prices for Contract 4114B - Shoreline Protection Restoration, Phase B - William P. Young Construction, Inc - \$1,950,000

- No. 06-0108 Resolution approving Modification No. 1 to extend unit prices for Contract 4114B, Shoreline Protection Restoration, Phase B, with William P. Young Construction, Inc., which will increase the original contract in an amount not to exceed \$1,950,000, for a total contract amount of \$5,095,075.

Item No. 7 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Authorization to Extend the After-Hours Coverage for the Airport's Network Operations Center, Helpdesk and other As-Needed Communications Support Services - Alcatel, USA - \$246,757.00

- No. 06-0109 Resolution authorizing extension of the existing contract with Alcatel, USA to continue after-hours Network Operations Center (CNOC), Helpdesk and other as-needed communications support services through January 31, 2007, for \$246,757.00 for a total contract not-to-exceed amount of \$627,696.

Ms. Theresa Lee, Deputy Director, Administration, said that as part of activating the new International Terminal, the Airport established a complex communications infrastructure that provides services to not only Commission employees but also to concessionaires and airlines on a 24/7 basis.

The entire 24/7 communications network monitoring and Helpdesk support was initially provided by a contractor (Verizon) and in 2003 we brought the daytime work in-house to reduce cost and provide more efficient response. This partnership continues to be an effective and efficient way to manage the monitoring and technical assistance response to communications infrastructure issues.

In January of this year, the Commission approved the issuance of an RFP seeking proposers to provide after hours network operations center and Helpdesk support, and last month, you authorized staff to enter into negotiations with the highest ranked proposer.

As with any professional services contract where a civil service classification is providing similar services, the Airport must complete a Controller's certification that services can be performed at a lower cost than if they were performed by City employees. This is referred to as Prop J. We submitted our Prop J analysis to the Controller in February and the Controller concurred and certified that the cost to hire additional City employees would be approximately \$500,000 more than contracting out. Our Prop J is pending at the Board of Supervisors while staff continues to negotiate with the affected labor union.

Therefore, we are requesting Commission approval to extend the existing contract with Alcatel to continue Network Operations Center monitoring and Helpdesk support through January 31, 2007.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 15, was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Award of Contract to Staff and Manage the Airport Information Booth Program Polaris Research and Development, Inc. - \$831,000.00

No. 06-0110

Resolution awarding a contract to Polaris Research and Development, Inc., to staff and manage the Airport's Information Booth Program for one year, with up to four one-year renewal options, at an annual cost for the first year not-to-exceed \$831,000.00.

Commissioner Ito asked what languages are represented.

Mr. Henry Thompson, Operations and Security, responded that German, French, and Spanish are provided. Aside from those, the phone service is relied on.

Commissioner Ito asked if more outreach is being done to recruit Chinese and Japanese speakers.

Mr. Thompson responded that that is the focus when they hire.

Commissioner Ito said that she asks the same question every time this contract comes up and she is not hearing any improvement.

Mr. Ernie Fazio, President of Polaris Research and Development, said that they have had Japanese and Chinese translators for 16 years. They also have an on-call person who speaks Japanese.

We have seven full-time staff people in the booths and we have always maintained Chinese and Japanese speakers.

Commissioner Strunsky asked whose decision it was to reduce staffing from 30 to seven.

Mr. Fazio responded that on September 28, 2001 a decision was made to reduce staff in order to maintain the program.

Mr. Martin said that we reduced the staff after 9/11, however, we tried to maintain staffing levels in the International Terminal.

Commissioner Strunsky suggested looking at increasing staffing levels since traffic has increased.

Mr. Martin said that he will have Alice Sgourakis, Landside Operations, update the Commission.

9. Authorization to Accept Bids for Public Communications Concession Lease

No. 06-0111 Resolution approving the minimum qualification requirements and lease specifications and authorizing staff to accept bids for the Public Communications Concession Lease.

10. Bid Call - Contract No. 8256B - Underground Utilities Improvement Storm Drainage Pump Stations 17 & 18 Replacement

No. 06-0112 Resolution approving the scope, budget and schedule for Contract 8256B Underground Utilities Improvement, Storm Drainage Pump Stations 17 & 18 Replacement, and authorizing the Director to call for bids when ready.

11. Modification No. 1 to Lease No. DTFA08-03-L-22297 with the Federal Aviation Administration for the U.S. Weather Bureau

No. 06-0113 Resolution approving Modification No. 1

- (Supplemental Lease Agreement No. 1) to FAA Lease No. DTFA08-03-L-22297 to extend the term of the lease for the U.S. Weather Bureau in Terminal 2.
12. [Revisions to the Business Terms for the Travel Agency and Over-the-Counter Baggage Storage Lease Request for Proposals](#)
No. 06-0114 Resolution approving the revised lease specifications, minimum qualifications, and proposal requirements, and authorizing staff to accept proposals for the Travel Agency and Over-the-Counter Baggage Storage Lease.
13. [Agreement with the County of San Mateo for Services Provided by the Airport/Community Roundtable - \\$155,000.00](#)
No. 06-0115 Resolution authorizing an agreement with the San Mateo County for services provided by the Airport/Community Roundtable during the period of July 1, 2006 thru June 30, 2007 in an amount not to exceed \$155,000.00.
14. [Transfer Lease Resulting from Sale of Majority Interest in GDDC, Inc., dba Subway to Chirayu Patel](#)
No. 06-0116 Resolution to consent to the transfer of lease resulting from the sale of majority interest in GDDC, Inc., dba Subway to Chirayu Patel.
15. [Assignment from Polk-Townsend and Associates, Inc., dba Café Metro to Emporio Rulli Arrivals, Inc.](#)
No. 06-0117 Resolution approving assignment of the International Terminal Food and Beverage Lease No. 99-0292C from Polk-Townsend, Inc., to Emporio Rulli Arrivals, Inc.

Commissioner Ito noted that this lease is being transferred from a DBE to a non-DBE operator. She asked why this wasn't going out to bid to a DBE.

Ms. Sandra Crumpler, Small Business Affairs Office, said that while Emporio Rulli has never been a DBE, he now wants to have his wife certified because they are interested in concession opportunities at other airports. Their application is still being reviewed by CalTrans which is a certifying agency in the California Certified UCP Program.

Some of the other DBEs looked at the site but because it was on the arrivals level they did not see it as being profitable.

Mr. Martin said that Emporio Rulli has the advantage of having two other locations in the International Terminal. It gives them an economy of scale that a separate operation would lack. Given the lack of interest from other Airport participants we did not feel that we would see any interest from outside parties.

Ms. Crumpler said that we should know within a couple of days if they are going to be certified.

Mr. Martin said that overall we are still at 85% DBE participation.

Commissioner Ito said that she understood, so long as there was no one else who had a serious interest within the concession community.

Mr. Martin said that it is a challenging location.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission did not go into closed session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:37 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

June 20, 2006

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9:00 A.M.

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SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
June 20, 2006

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AIRPORT COMMISSION MEETING MINUTES

June 20, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Hon. Linda S. Crayton arrived at 9:25 A.M.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 6, 2006 were adopted unanimously.

No. 06-0118

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Ernesto Carlos

No. 06-0119

Mr. John Martin, Airport Director, said that Ernie is retiring after 32 years of service to the City, 15 of which have been at SFO as a payroll clerk. Ernie is well known and well liked by Airport employees. He has actively promoted good will in the workplace.

He thank Ernie for his years of great service to the City and for the positive attitude with which he approached his work.

Commissioner Mazzola congratulated Mr. Carlos.

Mr. Carlos thanked the Director and the Commission and said that it has been a

great honor working for the Airport.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 4 to Professional Services Contract with Leigh Fisher Associates to Increase the Scope of Work to Include On-Airport Hotel Development, the Retail Master Program and General Airport Management Consulting - \$300,000

No. 06-0120

Resolution approving Modification No. 4 to Professional Services Contract 4013-04/05 with Leigh Fisher Associates to 1) increase the contract by a not-to-exceed amount of \$300,000 for a total not-to-exceed contract amount of \$850,000, and 2) make administrative corrections to the reference numbers of previous modifications.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that in early 2004 the Commission approved the creation of a pool of Airport Management Consultants and instructed staff to return for approval of specific tasks as they arose over time.

The resolution before the Commission requests approval to modify the Leigh Fisher contract for work in three areas. First, staff recommends that we begin planning for an on-Airport hotel. We need to determine the best approach for developing, financing and operating the hotel. For example, one approach might be to execute a long term ground lease and have the hotel operator finance and operate the hotel. Another approach might be to do some sort of special facility financing where the Airport constructs and owns the hotel, and then undertake a competitive process to hire a management operator. A third approach might be that of a third party developer. We need to study all of industry trends in the last four years to assess which is the best approach to take at this point in time. We also need to assess the market demand for an on-Airport hotel and make a final recommendation to the Commission for the approach moving forward. We are budgeting \$100,000 for this hotel development work.

The second task is to assist staff in preparing a retail concession plan for the years ahead. We want to make significant improvements in our retail program, just as we did in the food and beverage program. Leases will begin to expire in

the next one to four years, staggered over time. We want to bring our retail program up a notch.

Finally, we need Leigh Fisher to be available to staff on an ad as-needed basis for ad hoc work. For example, at times there is need to get information on what other airports are doing in certain areas of rates and charges and we find it more cost effective for Leigh Fisher to provide that information quickly than to spend staff time calling around and canvassing airports.

Commissioner Strunsky noted that we have used Rick Swig as an advisor on hotels and asked if this is intended to work parallel to Rick Swig or is it to take over from him.

Mr. Fermin responded that Mr. Swig will be a subconsultant to Leigh Fisher so the work will actually be done by Rick Swig. Leigh Fisher submitted a proposal to be part of the management consultant pool and they included the hotel consulting work as part of their scope. At this point if we were to engage Rick Swig separately we would have to do a new RFP.

Mr. Martin added that the contract vehicle we have in place allows us to get what we think is the best hotel consultant on board and still have Leigh Fisher who knows the airport hotel business to support him. Mr. Swig has been our primary advisor on this issue over time and he advises that the hotel market is improving sufficiently to allow us to move forward.

Commissioner Ito asked, regarding the retail master program, what the tenant education program entails. Is Leigh Fisher going to provide consultant services to existing retailers to revive some that may be experiencing challenges?

Mr. Fermin responded that we want to cast as wide a net as possible and reach out and educate potential retailers about Airport opportunities. We want to educate people on the Airport's operating requirements to prepare tenants as much as possible when they make proposals. We have found in the past that some tenants are not prepared for the expenses associated with operating at the Airport, i.e. the cost of the build-outs and the fluxuations in passenger traffic.

Mr. Fermin said that it is not just our design standards, it is also the nature of construction at the Airport. We plan to walk our potential tenants through the process ... what the expectations are, why we have the design standards that we have and guide them through that entire process.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Modification No. 4 to Professional Services Agreement with John F. Brown Company for Airport Management Consulting Services - \$200,000.00

No. 06-0121

Resolution approving Modification No. 4 in an amount not-to-exceed \$200,000.00 with John F.

Brown Company to update the Aircraft Delay Analyses for SFO.

Mr. Ivar Satero, Deputy Director, Planning, Design and Construction explained that staff is proposing to modify this contract for Airport management consulting services to assist SFO in reviewing and updating the previous work products developed during the Runways Reconfiguration Program to study alternatives to runway reconfiguration.

The Consultant will engage the services of its subconsultant Charles Rivers Associates (CRA) to update CRA's previous work products, including the April 2000 report entitled "Reducing Weather-Related Delays and Cancellations at San Francisco International Airport" and their 2001 report entitled "Reductions and Flight Operations as a Means of Reducing Weather-Related Delays as an Alternative to Runway Reconfiguration." CRA also performed various supporting tasks including analyses of weather patterns, delay records and flight operations and schedules in an effort to develop alternatives to runway reconfiguration. Among the alternatives studied were ... (1) coordination of operations with other Bay Area airports; (2) slot controls; (3) differential pricing models; and (4) up-gauging analysis.

The tasks to be performed under this scope include ... (1) Obtain and summarize information on SFO delay history; (2) Update information on the association of delay with location of flight origination and weather type; (3) Update the analysis of "propagated delay" at SFO; and, (4) Provide briefings as necessary.

This study may also be able to take advantage of the weather data compiled by the Consultant in support of previous efforts which analyzed the effectiveness of PRM-SOIA at reducing overall delay at SFO.

Commissioner Ito asked if procedural delays for cargo inspection are factored in.

Mr. Satero responded that most of the flight operations related to cargo movement occur during off-peak hours. He will ask the consultant if that is worth looking at.

Commissioner Johns asked Commissioner Ito if she was referring to passenger planes.

Mr. Martin responded that our focus in the model program is cargo on passenger planes with the goal of not impacting airline schedules.

Commissioner Ito responded that that is her question.

Mr. Martin said that his goal is not to have any delays resulting from cargo screening. If that occurs we will incorporate it into this work. If it results in delays we will have a hard time keeping airline participation in the pilot program.

Mr. Satero said that Mr. McCoy confirmed that the TSA understands that if these systems delay flights they will either do a faster process or bypass the pilot

program. The other option is that the cargo could go onto another flight.

Commissioner Strunsky said that we should be looking into the role of avionics and how the FAA is going to treat avionics, especially GPS systems. If we suddenly found ourselves able to build the runways it would be 10 years before they were operational. Perhaps avionics is the answer with the new GPS that will become operational next year with the additional satellites. Shouldn't we be looking at some solutions that deal with what we have and are improved by the new avionics that will be available?

Mr. Satero responded that we are in the process of completing the technology study authorized by the Commission. We will be looking at the available field of technology that can help us with delays, as well as these other possible measures to help us with delays. Our intent is to look at the whole field of opportunities.

Mr. Martin said that ATAC has the particular expertise in that area. They are finalizing the results in the very near future and a detailed briefing will be provided to the Commission on all of the available technology.

Mr. Satero said that with the updated delay model based on recent information on weather patterns, runway capacity, delay and airline schedules, the analyses will project delay under differing weather conditions and arrival patterns. This will provide for an understanding of current and potential future impacts on delay of various policies that the Airport might wish to consider implementing.

The estimated cost for these services is \$200,000. Funding will be provided from Airport Operating funds.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Reject All Proposals for the Airport Parking Management Contract

No. 06-0122

Mr. Martin said that we worked to be very careful in having a very clean RFP process but regrettably found an error in that process. A decision was made early on to change the scoring for the oral interviews from 25 points, which was established in the RFP, to 50 points but the notice to bidders regarding the change was never sent out. As a result, when the panelists who interviewed the firms scored at 50 points, they should have been scoring for 25 points.

If we adjust the scoring to reflect the 25 points, the scores for the two bidders would be two points apart, but the voting among the four panelists would have been two for New South Park, one for Ampco, and one a tie. He doesn't remember such a mixed scoring result among panelists in all of his years at SFO.

Given that error, the fact that the panelists had the wrong information on the points to be assigned, and the mixed vote, he feels it is necessary to rebid. We

will return to the Commission on July 6 for authorization to rebid this contract. There may be some changes in the RFP at that time.

Commissioner Strunsky noted that the Commission has the right to reject all bids. That is part of the bid document and it is not unusual.

Mr. John Newman, representing New South Park (NSP), said that they were seeking Commission authorization to continue to work with staff to complete the contract negotiations. He introduced NSP's joint venture partners ... Central Parking and Global Parking System ... Ronnie Burns, Executive Vice President, and Steve McCormick, Senior Vice President.

NSP was selected last week for further negotiation based on the independent and well credentialed panel assembled by the Airport. NSP is grateful for the time spent by staff and takes this opportunity to thank each of staff member and consultants for their efforts.

The selection and scoring process was rigorous, confidential and fair. Whether 50 points or 25 points was allocated to the interview component of the RFP, there was no disputing either way that NSP was the winner fair and square.

The public bid process codified in the Administrative Code and implementing regulations contemplates that these kinds of minor, inadvertent clerical errors can occur and the integrity of the public bid process can be maintained and is expressly authorized.

Central Parking, one of NSP's partners, is a very credit worthy, publicly traded company. They are the largest employer of union parking workers in the country. They operate in over 40 locations in the City and County of San Francisco alone and have 20% of the major airport parking facilities in the country.

NSP itself, the joint venture, has been in existence over 13 years and operates four major airport and shuttle operations in this country.

Central currently employs 100 men and women from Local 665 in the City and enjoys a solid working relationship with union leadership.

NSP committed in its proposal, and reiterated to the Commission, that the 30% DBE participation threshold would not only be met but would be exceeded. Upon request of the Commission Mr. Burns would be happy to address the specifics of how NSP would implement this commitment.

They respectfully urge the Commission to adopt the winner scored independently by the panel. Please allow Team NSP the privilege to continue to negotiate in the utmost good faith for final consideration and completion of the contract.

Commissioner Mazzola asked if this will be a low bid process or RFP.

Mr. Martin responded that staff is still discussing whether to recommend an RFP process or to award based on a low management fee.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award Contract 8486 - Airport-Wide Security Systems Improvements - Liberty Electric - \$1,241,065.00

No. 06-0123

Resolution awarding Contract No. 8486, Airport-Wide Security Systems to Liberty Electric, in the amount of \$1,241,065.00.

Mr. Satero explained that the Airport is proceeding with various security system improvements as part of SFO's Security Strategic Plan (SSP). Key components of the SSP include the expansion and upgrade of the CCTV and Access Control Systems and integration of CCTV and ACS with the Airport's Security Operations Center.

This contract will provide for the purchase, installation and interconnection of CCTV cameras and ACS devices and integration of these systems with the Security Operations Center.

Two bids were received. The low bid of \$1,241,065 was submitted by Liberty Electric. The Engineer's estimate was \$1,200,000. The Airport determined that Liberty Electric is the lowest responsive, responsible bidder. There are no DBE subcontracting goals for this contract.

Funding for this contract will be provided from the Airport's Capital Improvement Funds, with 75% of the funding provided by FAA/AIP grant funds.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 9, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Modification No. 7 to Contract for the Ongoing Development and Implementation of an International Strategic Marketing Alliance with the San Francisco Convention and Visitor's Bureau - \$300,000.00

No. 06-0124

Resolution approving Modification No. 7 to the Professional Services Contract with the San Francisco Convention and Visitor's Bureau for the ongoing development and implementation of an International Strategic Marketing Alliance to increase the amount by \$300,000 for a new total not-to-exceed amount of \$2,117,500 and to extend the term for an additional year ending in June 30, 2007. All other terms and conditions of the contract remain in full force and effect.

Commissioner Ito said that the Convention Bureau was working on website development and asked if they were working towards using this opportunity to create business within our neighborhoods.

Ms. Kandace Bender, Deputy Director, Communications and Marketing responded that the Bureau has updated and upgraded its website to include the various neighborhoods. Part of this contract will be to develop their website in the Chinese language to help promote tourism in China and San Francisco. We do have the Japanese language website which receives an enormous number of hits. It's quite successful.

7. Bid Call - Contract No. 3590B - South Field Runway Safety Area Construction, Phase B
No. 06-0125 Resolution approving the scope, budget, and schedule for Contract 3590B, South Field Runway Safety Area Construction, Phase B, and authorizing the Director to call for bids when ready.
 8. Reject All Bids - Contract No. 8359 - Taxicab Management Control System Electrical Infrastructure
No. 06-0126 Resolution rejecting all bids for Contract No. 8359, Taxicab Management Control System Electrical Infrastructure, and authorizing the Director to re-bid this contract when ready.
 9. Design Approval for Artwork at Gate Rooms 3 and 5 of Boarding Area A, International Terminal
No. 06-0127 Resolution approving the two designs selected for artwork at Gate Rooms 3 and 5 of Boarding Area A, International Terminal.

Commissioner Ito hoped that each Commissioner had an opportunity to view the artwork. She sits on the Airport/Art Joint Committee and said that this was a great process. She thanked Ms. Susan Pontious for taking a leadership role in this process.

The sculpture was a particularly interesting piece. These pieces will be a great addition to our public art collection.

★ ★ ★

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the

Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

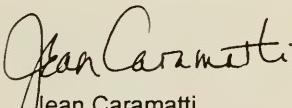
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:30 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



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MINUTES

July 6, 2006
Special Meeting

9:00 A.M.

Room 416 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
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JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Special Meeting of
July 6, 2006

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

July 6, 2006

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:02 AM in Room 416, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Michael S. Strunsky, Vice President Hon. Linda S. Crayton Hon. Caryl Ito Hon. Eleanor Johns
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Absent:	Hon. Larry Mazzola, President
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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 20, 2006 were adopted unanimously.

No. 06-0128

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito asked for an update on budget issues regarding Police Department expenditures.

Commissioner Ito also commended staff for the success of the long term parking garage.

Mr. John Martin, Airport Director, said that the long term parking facility is already very successful. We will soon have a study on the AirTrain extension to long term parking. We are adding spaces to that facility at the ground level and relocating other parking functions ... employee parking and rental car storage ... in order to pick up more long term parking spaces.

Commissioner Strunsky asked if we should be doing some advanced thinking on building another structure.

Mr. Martin responded that we have plans for another structure but first we are looking to see how many employees we can relocate from that area and how many total spaces we can get for public parking there and avoid the cost of a new structure at this time.

Commissioner Ito said that she has seen the full page Chronicle ads and asked if M-Line is doing outreach to the bi-lingual community.

Mr. Martin responded that he did not know but would follow up.

Mr. Martin said, regarding the Police issue, that the Airport, along with the SFPD, requested a Controller's Audit of the Police function at the Airport some months ago. We recognize that our budgeted staffing level was probably above what was actually required. We have never fully staffed Police positions at the Airport. At one point we thought that our actual staffing level, which was far below the budget, was below what we really needed. The Controller's Office verified that. Those positions in the budget that we did not need were removed, but we were below the desirable staffing level. The suggestion by members of the Board of Supervisors that we pull Police Officer positions from the Airport has been dropped. The City budget is moving forward and that issue is no longer on the table. Other avenues are being looked at to get more uniformed police officers on the street such as administrative and non-law enforcement positions,

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Request-for-Proposals for the Management and Operation of the Airport's Public and Employee Parking Facilities

No. 06-0129

Resolution authorizing the issuance of a Request-for-Proposals for the Management and Operation of the Airport's Public and Employee Parking Facilities.

Mr. Leo Fermin, Deputy Director, Business and Finance said that this item seeks Commission approval to commence a second Request for Proposals process for a parking management contractor. The previous RFP business terms, which the Commission approved, remain the same, with the exception of changing the scoring totals to add more weight to the dollar costs being proposed, and the oral interviews of the highest rated proposers.

We are starting from the beginning, with an outreach to interested parties, advertising and distribution of the RFP. We will also form a new evaluation panel. We will conduct a pre-proposal conference to review the RFP, the business terms, the minimum qualifications, DBE goals, City requirements, and provide information on the parking operations at the Airport.

Our target is to have a new contract awarded by the end of October, with the transition to the new contract effective with the expiration of the current contract on January 2, 2007.

Commissioner Johns felt that the panel should consist of five people, not four.

Commissioner Strunsky noted that there was nothing in the resolution that spoke to the size of the panel and assumed that it was an administrative issue.

Mr. Fermin responded that it is.

Commissioner Ito asked what was meant by the "cost of the proposal."

Mr. Fermin responded that it is the annual cost to the Airport for operating the garages.

Mr. Martin said that we will have five panelists to insure a clear majority vote.

Commissioner Ito said that she was unclear as to who else was in the room last time ... there were non-voting members present. There needs to be clarity as to their roles. Questions were raised to her after the process regarding the assumption that all attendees were raters. She did not think so. The panelists need to be clearly identified. She felt that the presence of staff to observe the process could be a problem.

Mr. Martin said that we will make clear who is on the panel.

Mr. Maerz responded that typically when others are in the room they are there to act as a resource for panel members in the event questions arise about technical issues associated with the proposals or about the operation. They are there strictly as a resource, not as participants. That was made clear the last time around.

Commissioner Crayton asked if the panelists had been prepped regarding the technical specifications of the proposal.

Mr. Maerz responded that there was quite a bit of preparation, however, since there are so many variables associated with the proposals not all questions can be anticipated. Questions may be triggered by discussion among the panelists or by something in a statement made by a proposer.

Commissioner Crayton asked if we always have non-panelists in the room.

Mr. Fermin responded that it depends on the evaluation process. Usually for many of our concession RFPs we do not have observers in the room. However, for something unusual we may have other persons present to serve as resources to answer questions as they arise.

Commissioner Johns asked for the timeline for interviews.

Mr. Fermin responded that we are scheduling the oral interviews for the second week of September. Specific dates have not been established.

Commissioner Johns asked if the same questions are asked each proposer.

Mr. Fermin responded that the same questions are asked of each proposer,

however, a different set of questions will be asked this time. A list of the questions is placed in front of the proposers.

We are going to request that panel members hold off scoring until all interviews are completed. All interviews will be conducted on the same day, as was done previously. Each interview runs approximately 1-3/4 hours.

Commissioner Ito asked if the teams can bring in anyone they wish.

Mr. Fermin responded that we requested that the teams bring in their proposed project manager and the management team to be assigned on-site at the Airport.

Commissioner Crayton assumed that we are trying to get to a process where everyone understands all of the issues involved.

Mr. Fermin responded that we are redoing the entire process and we are hoping that this process will be even more clear than the previous one.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 2 through 4, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 14 to the SFO Shuttle Bus Company Contract

No. 06-0130

Resolution approving Modification No. 14 to the SFO Shuttle Bus Company Contract adjusting the basic hourly and incremental billing rates for the period January 1, 2006 through December 31, 2006 and reconciliation of pension and health and welfare premiums for calendar year 2005.

Commissioner Ito asked why we are having to pay after the fact.

Mr. Tryg McCoy, Deputy Director, Operations and Security, explained that we do this every year. When we set the 2006 cost there was an estimated amount for pension and insurance benefits. These benefits are set before the actual invoices come in from the insurance and pension companies. Each year we go back and make the modifications.

3. Authorizing a One-Year Extension of the Agreement between the County of San Mateo and the City and County of San Francisco Subsidizing Childcare Services

No. 06-0131

Resolution authorizing Modification No. 3 to extend the agreement to June 30, 2007 between the County of San Mateo and City and County of San Francisco, guaranteeing revenue for Childcare

Services up to \$250,000.00.

Commissioner Ito asked what percentage of childcare is provided to employees.

Mr. Fermin responded that out of 222 children, 41 are Airport children, with an additional 40 Airport children on waiting lists. They are at capacity for the specific schedules, slots and child category that they are in. This is no longer a slot-based formula but rather a budget created to subsidize using various approaches and methods for different types of services.

Commissioner Ito asked if this is tied into some of our union contracts because this is above and beyond benefits that we give our employees.

Mr. Fermin responded that this is not tied into union contracts. It is something the Airport has done on its own.

Mr. Martin said that Palcare plans to expand its facility given the demand and we are in discussions with them about providing a share of the funding. We will likely return to the Commission at a later date for approval.

Commissioner Johns asked why so many Airport children on the waiting list.

Mr. Fermin said that we have a preferential priority enrollment for Airport children which gives our employees priority at certain time slots. There are different categories of childcare ...infants, toddlers, and 3 years old to pre-school. For example, we may have a large number of employees waiting to get their infants into day care but the infant category may be full while other categories are open.

Commissioner Ito asked if they have sick care.

Mr. Martin responded that he was not sure.

4. Amendment to the Fiscal Year 2006/07 Airport Rates and Charges

No. 06-0132

Resolution amending the FY 2006/07 Airport Rates and Charges correcting the Turn Fee Rate for Domestic Airlines operating in the International Terminal.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:23 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

August 1, 2006

DOCUMENTS DEPT

9:00 A.M.

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
August 1, 2006

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AIRPORT COMMISSION MEETING MINUTES

August 1, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Michael S. Strunsky, Vice President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of July 6, 2006 were adopted unanimously.

No. 06-0133

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Richard Wong

No. 06-0134

Resolution thanking Mr. Richard Wong for 21 years of faithful service with the City and County of San Francisco Airport Commission and best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director, said that Mr. Wong is a Custodial Supervisor who began working at the Airport in 1985 as a Custodian; he was promoted in 1989 to Custodial Supervisor.

Mr. Wong always had an exceptionally cooperative attitude. He was admired by the staff he supervised and worked with. He took great pride in his work.

He thanked Mr. Wong for his years of service and for his contribution to the Airport.

Mr. Wong thanked the Director and the Commission.

Commissioner Mazzola congratulated Mr. Wong on his retirement.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Retirement Resolution - Francis Yuan

No. 06-0135

Resolution thanking Mr. Francis Yuan for 21 years of faithful service with the City and County of San Francisco Airport Commission and best wishes for a long and fruitful retirement.

Mr. Martin said that Mr. Yuan is retiring after 21 years as an Airport Custodian. He had an exemplary work ethic and had a true sense of pride in his work.

Commissioner Mazzola congratulated Mr. Yuan on his retirement.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Retirement Resolution - Anna Duong

No. 06-0136

Resolution thanking Ms. Anna Duong for 20 years of faithful service with the City and County of San Francisco Airport Commission and best wishes for a long and fruitful retirement.

Mr. Martin said that Anna Duong is retiring after 20 years of service as an Airport Custodian. Again, she had a great sense of pride and a very strong work ethic.

Commissioner Mazzola congratulated Ms. Duong on her retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky said that this is his last Commission meeting after having serviced on the dais for 13 years during an exciting and productive time. The face of the Airport has changed significantly during the last 13 years. The addition of our new International Terminal, the roadways approaching the Airport, along with continually improving operational standards at SFO have given him a great deal of pleasure.

Since he probably won't have the opportunity to meet with staff individually, he wanted to thank the senior Airport staff members for listening to him, even when he went off the deep end, and keeping him reasonably on the straight and narrow. The Airport staff is terrific. Each and every one has been a tremendous help to him and to the Airport.

Secondly, it has been a pleasure to serve with these four Commissioners. They too, are responsible, in the same way he was, for this wonderful Airport, which is rated number one by several different standards and rating agencies in the United States.

Commissioner Strunsky thanked everyone.

Commissioner Crayton said that she held Commissioner Strunsky in high regard. She has been on the Commission since 1996 and she has respected his extensive construction experience and his ability to wade through large amounts of documents and bring some understanding to them. She often relied heavily on his insight as she continued to deliberate and make decisions.

The comradery they had as a Commission, the ability of the fabulous Airport staff, but the one person that had knowledge on the Commission is Commissioner Strunsky and his departure will leave a major void. She is saddened because he has protected the citizens of San Francisco and others in terms of his ability to understand that piece of a major airport that was undergoing a master plan. She credited Commissioner Strunsky for SFO being one of only a few airports to hold off instituting a passenger facility charge for so many years. She also appreciated the passion, love and drive that he brought to this Commission and the depth of his knowledge and his ability to understand. He wanted to know what more he could do; what gifts he had to share to make SFO a better place. That will be missed.

She loves the colleagues she works with. She expressed her concern over Commissioner Strunsky's departure and felt it would leave a void. The Commission appreciated and loved him and will continue to hold him in high esteem.

Commissioner Ito said that she, too, holds him in high regard. When she joined the Commission eight years ago she looked to his leadership in terms of the structural build-out and the completion of the Master Plan. She learned a lot from him. She thanked him for his leadership on the Commission along with his insights into the financial operation. Because he was a world traveler he has been able to compare our Airport to the many airports he has visited. It was valuable experience that added to the effectiveness of the Commission's work.

Commissioner Ito thanked Commissioner Strunsky for his leadership and wished him well.

Commissioner Johns said that although they have worked together on the Commission for the past two and a half years, she has known him and worked with him since her days in the Mayor's Office. He is to be commended. The Commission will miss his expertise and his wonderful insight into the many issues they have faced.

She said it has been a pleasure working with him ... for eight years on one side and two and a half years on the other side. He will definitely be sorely missed.

Mr. Martin, on behalf of staff, thanked Commissioner Strunsky for being a model Commissioner. His sense of ownership and pride in the Airport has been invaluable. He will always be a member of the Airport family.

Commissioner Mazzola said that everyone has already said what he would like to say about Mike so he referenced an old TV commercial, "... let Mikey do it." He didn't know how many times he did not have the opportunity to read the agenda but walked into the room knowing that Mike had read it. He knew Mike's dedication and that he was on top of everything. If he had a question on an issue he would seek his counsel. He will miss that very much, and he will miss him at meetings. He's a good man.

Commissioner Strunsky was given a standing ovation.

* * *

F. POLICY:

Item No. 4 was put over without discussion.

4. Establish Maximum Emissions Standard for New and Replacement Door-to-Door and Prearranged Vans

Resolution establishing maximum emissions standard for new and replacement door-to-door and prearranged vans at the Airport.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous. Commissioner Crayton left the meeting briefly at 9:18 AM during discussion of Item No. 5 and was not present for the vote.

5. Modification No. 5 to Professional Services Agreement with John F. Brown Company for Airport Management Consulting Service - \$350,000.00

No. 06-0137

Resolution approving Modification No. 5 to Professional Services Agreement with John F. Brown Co. to provide 1) planning / analysis work to prepare for the expiration of the 1981 Lease and Use Agreement in an amount of \$250,000.00 and 2) analysis used in the development of new airline routes in an amount of \$100,000.00 for a total contract amount not-to-exceed \$1,980,000.00.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that staff is requesting approval to modify the John F. Brown Co. (JFB) management consulting contract for work needed in two areas:

First, we need JFB to complete extensive analysis of various alternative rate setting structures in preparation for future discussions with the airlines regarding the expiration of the Lease and Use Agreement. Besides doing extensive financial analysis work, we will need JFB to survey and report to us on airport-

airline agreements that are being developed around the country so that we have as much information as possible when we actually commence negotiations with the airlines. The Lease and Use Agreement expires in 2011, and although five years may seem far away, we believe it prudent to start this work this year.

We also would like to have the JFB Co. be available on an as-needed basis to provide airline route analysis work needed to help us attract potential new carriers. JFB has access to and the qualified staff needed to analyze numerous aviation databases, air traffic, demographic, and economic data necessary to analyze the potential for new airline routes.

We are budgeting \$250,000 for the first task and \$100,000 for the second, for a requested contract modification of \$350,000. These funds are available in the approved FY 2006/2007 Operating Budget.

Commissioner Strunsky said that Leo is absolutely right in the sense that we need to be starting now on the Lease and Use Agreement. He recommended that the Commission be briefed over the next six months. It's a complex document and will be a real issue. The Commission should also know what other airports have in place with respect to this. This will make a real difference to our bottom line and the amount of money we will be able to turn back to the City every year after 2011.

Mr. Martin said that we will most likely be ready to brief the Commission in the fall. He has been having regular meetings with the legal team and Business and Finance on what other airports around the country are doing, what things we would like to change, now the agreement is working for us, and our top priorities in extending or modifying the agreement.

Item No. 6 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous. Commissioner Crayton returned to the meeting during the discussion of Item No. 6.

6. Authorization to Commence a Competitive Selection Process for (1) Terminal 3 Newsstands and Specialty Store Lease, (2) Boarding Area "F" Hub Specialty Store Lease "A", and (3) Boarding Area "F" Hub Specialty Store Lease "B"; and Approve the Holdover of Host International, Inc.'s North Terminal Hub Principal Concession Lease No. 99-0450

- | | |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0138 | Resolutions approving commencement of the competitive selection processes for (1) Terminal 3 Newsstands and Specialty Store Lease, (2) |
| No. 06-0139 | Boarding Area "F" Hub Specialty Store Lease "A", and (3) Boarding Area "F" Hub Specialty Store Lease "B"; and approving the holdover of Host |
| No. 06-0140 | International, Inc.'s North Terminal Hub Principal |
| No. 06-0141 | Concession Lease No. 99-0450 until award of the Leases. |

Mr. Fermin said that in Terminal 3, Boarding Area F Hub, across from the new food court in the "Y" of the concourse is "Destination San Francisco," a 5,000 sq. ft. retail store currently operated by Host. The lease expires this December 3, and we are proposing that this space be carved out for three new leases.

The first lease will cover four locations ... a newsstand and a nationally branded specialty retail store in that same Hub footprint, plus a small pre-security newsstand in front of the United check-in counters in Terminal 3, and a news/café in the arrivals/baggage claim area of Terminal 3.

Next to the nationally branded retail space will be space for the second lease, specialty store Lease A. Proposers must choose between a sunglasses, jewelry or accessories concept.

Under the third lease, specialty store Lease B, proposers are free to propose a concept of their choice, so long as it is not already provided in that vicinity.

We are aiming for lease awards by mid February 2007, with openings by October 1, 2007.

Commissioner Ito asked if Host will bid on one of these small leases.

Mr. Fermin responded that we have been in discussions with them so they are aware of our plans. We do hope that they submit a proposal.

Commissioner Ito asked Mr. Fermin if we have an idea on the projected increase in revenue that will result in splitting up this space.

Mr. Fermin responded that we are anticipating that the MAG will be less than what we have today, however, Host is not paying the full MAG today because they are still under the Concession Relief Program. We expect the lower MAGs will attract more proposers for that space. We believe that over time the retail sales under these three concepts will exceed what is being generated there today.

Commissioner Ito was puzzled as to why we would start off so low.

Mr. Fermin responded that at the present the full MAG is running about 55-58% of actual sales revenues generated by the space. The MAG was over projected given the actual level of traffic in the space today. We are planning a reduced MAG in order to attract more potential proposers.

Mr. Martin added that when bids were received on this lease we had higher MAGs than what we are seeing today. Bidders are no longer willing to be as aggressive.

Commissioner Ito said that her impression of that store, with regard to their square footage, is that it is not highly impacted with merchandise.

Mr. Fermin said that gross sales of that lease today average \$4.4 million a year. We are projecting approximately \$5.4 million in gross sales per year under three new leases for that space. Even though we are setting the MAG lower, we are

anticipating that over time our revenues will exceed what we are generating today from the space.

Commissioner Johns noted that the leases will be allowed to sell bottled water, although that has been an issue in the past.

Mr. Fermin responded that we have been calling each of the food and beverage operators individually to inform them that we are going to allow the sale of bottled water in those spaces. We have not heard a large outcry over this, although it may be too early in the process. Staff feels that bottled water is an important feature for this lease.

Commissioner Strunsky asked if Space C on the arrivals level was cell phone rental space.

Mr. Fermin responded that it was.

Commissioner Strunsky thought that the cell phone award was contingent upon operating from that location as well as the location in the International Terminal.

Mr. Fermin said that the cell phone lease was terminated.

Commissioner Strunsky asked if the lease will be rebid.

Mr. Fermin responded that a number of other competing requirements, such as the need for showers, have been brought before us. We are in the process of looking at alternative uses for the space.

Commissioner Strunsky asked if we currently have no cell phone rental vendor.

Mr. Fermin said that we do not. Action Cellular was terminated.

Mr. Martin said that the Commission will be provided with a memo on cell phone rentals.

Item No. 7 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

7. Technology Products Stores Lease

No. 06-0142

Resolution (1) approving the month-to-month holdover of Airport Wireless' Technology Products Store Trial Agreement, and (2) authorizing staff to issue a Request for Proposal and conduct an informational conference for the Technology Products Stores Lease.

Mr. Fermin said that we have completed a six-month trial of two wireless technology products stores in Terminal 3, and the results have exceeded our

expectations. During this trial period, the average sales per square foot were three times the average being generated throughout the Airport.

Staff now proposes to conduct a competitive selection process for a new Technology Products store lease which would cover five store locations totaling 4,826 sq. ft. There would be three locations in Terminal 3 .. one at the Hub finger neat Gate 84, one in the Hub thumb across from Gate 76 and one at Boarding Area E just past security screening. The fourth location would be in Terminal 1, Boarding Area B near Gate 26, and the fifth location would be in the International Terminal, Boarding Area A about midway down the concourse.

We are also asking for approval to holdover the current trial agreement while we conduct this competitive selection process.

We are hoping to come back to the Commission in November for award of a lease.

Commissioner Strunsky said that we have found a niche in the market. This works out to \$3,000 per square foot. Can we look at putting one at American Airlines in Boarding Area E?

Mr. Fermin responded that we are looking at one in that area ... to your right as you come out of the security screening checkpoint.

Mr. Martin said that this has been a great success and proves that the 6-month trial program for concessions can help us identify winning opportunities.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 15, was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

8. Award of Contract No. 8255B - Signature Water Main Replacement - JMB Construction, Inc. - \$613,345.00

No. 06-0143

Resolution awarding Contract No. 8255B, Signature Water Main Replacement, to the lowest responsive, responsible bidder, JMB Construction, Inc., in the amount of \$613,345.00.

Commissioner Strunsky said that we have three very competitive bids for this contract.

9. Bid Call - Contract No. 8557 - Airport Wide Electrical and Telecommunications Construction and Repairs

- No. 06-0144 Resolution approving the scope, budget and schedule for Contract 8557, Airport Wide Electrical and Telecommunications Construction and Repairs, and authorizing the Director to call for bids when ready.

10. Bid Call - Contract 8683 - Airport Mechanical & Plumbing System Improvements

No. 06-0145 Resolution approving the scope, budget and schedule for Contract No. 8683, Airport Mechanical & Plumbing System Improvements, and authorizing the Director to call for bids, when ready.

Commissioner Crayton recalls seeing an item on a previous calendar for as-needed plumbing services and wondered why we are seeing this again.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that we used all of the funds in the previous contract. This is a replacement contract. A lot of our as-needed contracts were used on Lot DD because that project was done on a fast track.

Commissioner Mazzola asked if these contracts have prevailing rates.

Mr. Eavis responded that they do.

11. Bid Call - Contract 8433B - Boarding Area "A", Three Gate Activation - Aircraft Apron

No. 06-0146 Resolution approving the scope, budget, and schedule for Contract No. 8433B, Boarding Area "A", Three Gate Activation - Aircraft Apron, and authorizing the Director to call for bids, when ready.

12. Authorization to Accept and Expend Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Funding of \$869,600 for Aircraft Noise Monitoring System, Phase II Under AIP 34

No. 06-0147 Resolution authorizing acceptance and expenditure of FAA AIP Funding of \$869,000.00 for Aircraft Noise Monitoring System Phase II (AIP 34 - Project No. 3-06-0221-34).

13. Agreement with the Bay Area Toll Authority for FasTrak Usage in the Airport's Garages

Commissioner Johns asked what is the advantage.

Mr. Fermin responded that a big advantage to having FasTrak is the ability to have automated entering and exiting the garage. Over time, as passenger traffic recovers, it will help us keep our labor costs in check by eliminating the need to add more cashiers above and beyond our staff level today.

Commissioner Johns said that we now have an RFP out to manage the garage and asked how this fits in to that RFP.

Mr. Fermin responded that the contract to manage the garage will assume that the worker retention program is honored and that a new contractor will be obligated to keep all of the existing staff per that program. This FasTrak capability, together with the credit card in and out capability, will help us maintain our current labor force even as passenger traffic grows over time.

Commissioner Johns asked if it cuts our bottom line cost to us for this technology.

Mr. Fermin responded that the cost will be minimal. While we have no experience with FasTrak and it is anyone's guess, he believes that our cost for the first year of activity for processing transactions will be in the \$50,000 to \$100,000 range.

Commissioner Johns asked if there are any other airports utilizing this in the State of California.

Mr. Fermin responded that we will be the first.

Mr. Martin said that other airports in the country are utilizing this technology.

Comments we've received from reporters and the public have been very positive.

14. Correction of Ampco Public Parking Management Fee for Calendar 2006 - No Change to Previously Approved Total Not-to-Exceed Cost

15. Design Approval for Sister Cities Artwork in the International Terminal

Commissioner Ito said that this will be an enhancement to our Sister City artwork at the Airport.

Ms. Susan Pontious, Art Commission, said that they have been working on this project for about a year. The Art Commission was approached regarding creating something in the Terminals relating to San Francisco's 14 Sister Cities. Several approaches were looked at but one of the issues they had to deal with was the fluid nature of Sister City relationships. So, an approach was needed that was flexible enough to allow for additions and deletions.

The Art Commission approached Louis DeSoto to utilize the same concept he used in the arrivals lobby relating to international cities and create something in Boarding Areas A and G. Mr. DeSoto came up with the idea of a light projection using a projector mounted on the ceiling and the design, which uses the same Airport approach maps used on the arrivals level, overlaid with the flower associated with each Sister City.

There will be seven Sister Cities each in Boarding Areas A and G. They will try to align the cities with the carriers that fly to those cities.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:38 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation entitled CCSF v William D. Spencer, Spencer & Son, Inc., et al, Judicial Council Coordination Proceeding No. 4379; and, a settlement of litigation entitled CCSF v Landavazo Bros., Inc., U.S. District Court Case No. C-01-2315; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:53 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously ~~not~~ to disclose it.

* * *

L. ADJOURNMENT:

There being no further calendar business before the Commission the meeting adjourned at 9:54 AM.



Jean Caramatti
Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

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August 15, 2006

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9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
CARYL ITO
ELEANOR JOHNS
RICH GUGGENHIME

JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
August 15, 2006

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D.	ANNOUNCEMENT BY SECRETARY:			
E.	SPECIAL ITEM: 1. Retirement Resolution - Daniel Martinez 2. Retirement Resolution - Susan Thornton 3. Retirement Resolution - Willie Breazel 4. Retirement Resolution - Bob Schneider		06-0153 06-0154 06-0155 06-0156	5 5 5 5-6
F.	ITEMS INITIATED BY COMMISSIONERS: Welcome to Commissioner Guggenheim Orange Security Alert			6 6-8
G.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 5. Award Contract 8491 - Taxiways H & M Realignment, Phase II - Granite Rock Co., dba Pavex Construction Division 6. Award Contract 8332B - Apron Modifications at Gates A7, A9 and G101 - Granite Rock Co., dba Pavex Construction Division 7. Award Contract 9332C - Passenger Loading Bridge and Utility Modification at Gates A7, A9 and G101 - Thyssenkrupp Airport Systems Inc. 8. Authorization to Expend Grant No. 36 A.I.P. Project No. 3-06-0221-36		06-0157 06-0158 06-0159 06-0160	8-9 8-9 9 10
H.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:			

9.	ATM Surcharge Increase - Approve \$2.00 ATM Surcharge to Bank of America's Domestic Banking Lease No. 00-0068 and Travelex America's ATM Lease Nos. 99-0458A and 99-0458B		11-12
10.	Reject All Bids - Airport Public Communications Concession Lease	06-0161	12-13
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12.	Authorize Rental Credit to Emporio Rulli for Construction Costs	06-0163	13
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AIRPORT COMMISSION MEETING MINUTES

August 15, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

* * *

Commissioner Mazzola welcomed Commissioner Guggenheim to the Airport Commission. Commissioner Guggenheim is an attorney and has served on a number of City Boards and Commissions.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 1, 2006 were adopted unanimously.

No. 06-0152

* * *

D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 06-0151 regarding a settlement of litigation entitled CCSF v. F.W. Spencer & Son, Inc., et al in the amount of \$2,120,000 at the closed session of August 1, 2006.

* * *

E. SPECIAL ITEM:

Item Nos. 1 through 3 were called together. They were moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Retirement Resolution - Daniel Martinez

No. 06-0153

Mr. John Martin, Airport Director said that Daniel Martinez is retiring after 36 years of service with the City, including more than 26 years at the Airport, all of which were spent in Airfield Operations.

2. Retirement Resolution - Susan Thornton

No. 06-0154

Mr. Martin said that Sue Thornton, also from Airfield Operations, is retiring after 33 years with the City, 28 of which were at SFO.

3. Retirement Resolution - Willie Breazell

No. 06-0155

Mr. Martin said that Mr. Breazell is retiring after 30 years of service with the City, 26 years of which were at SFO.

All three employees were very dedicated in the performance of their duties and on a day-to-day basis have insured the safe operation of the airfield ... a very important function at the Airport.

Mr. Martin wished them all well in their retirement.

Commissioner Mazzola congratulated all three employees and noted that they have provided more than 80 of service to Airfield Operations.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Retirement Resolution - Bob Schneider

No. 06-0156

Mr. Martin said that Mr. Schneider is retiring as a Duty Manager after 20 years at SFO. He also worked for TWA at SFO for 20 years before coming to the Airport Commission.

Bob was one of the first Duty Managers hired. He has done an outstanding job in representing the Airport with his positive attitude and insuring that problems that occurred on a day to day basis were taken care of.

We thank Bob for his service and wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Schneider.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito commended staff for the great work they have done during this most recent high alert.

Mr. Martin said that he was very proud of the job that staff did. He was in the Emergency Operations Center (EOC) until 3:00 AM. Tryg McCoy ran the center and did a tremendous job. We had about 100 people in the EOC ... including Airport staff, airline reps, government agencies. Tryg stayed all night and finally left when he saw that the lines were moving well the next morning.

When he returned the next morning he was proud to see the job that everyone was doing to pitch in and make sure everything was working well. Our security lines were much shorter than most airports around the country. Passengers felt that they were informed and knew what was going on.

We have received concerns from concessionaires, particularly tenants that sell lotions and wine. Sales for Sephora and the Body Shop were virtually non-existent. The restaurants were doing very well.

Duty Free Shoppers is doing okay because they are able to deliver their products to the jet bridge. They have procedures in place that they used in the old International Terminal and they were able to roll out those procedures relatively quickly.

We called a meeting yesterday with all of the tenants to hear their concerns and ideas on how to address this issue. We informed them that we did not know how long these procedures would be in place or if they would be permanent, however we would share information as we received it. He assured them that they would be treated fairly, even though we don't know yet how their rents will be adjusted. Invoices won't be going out until the end of the month so we have some time to deal with the issue.

Commissioner Ito said that there was a report on the news about Dell recalling two years worth of lithium batteries in laptops. There was a suggestion that laptops would be banned on flights.

Mr. Martin said that he does not have any new information. He did not think that this was a particular concern focused on by the TSA.

Commissioner Crayton remarked that friends of hers who have traveled since the higher alert mentioned that everything went very smoothly and was very organized. They were shocked.

She asked how the Airport was alerted.

Mr. Martin said that the Duty Manager received a call early in the evening. He, Tryg and Kim Dickey were then notified. He and Tryg were on a conference call at 8:00 PM that

evening. Our tenants and government agencies were called in to begin taking action. He was on a number of conference calls during the night with the TSA in Washington.

The press first began reporting it around midnight.

Commissioner Crayton asked if that is the most efficient way to handle these things.

Mr. Martin responded that it worked very well. They received word within 20 minutes. Hundreds of airport directors and security directors from around the country were on that call. It all worked the way that it should.

Mr. McCoy said that it did work well, considering that the information didn't come out until 8:00 PM that night. When he and John responded about 10:00 P.M. we knew something was coming but we didn't know what the rules were until the TSA Security Directive came out at about 1:00 AM, West Coast time. The rules had to be put in writing. We spent most of Wednesday night thinking about the impact and the signs we had to put out. We called in our Reprographics Dept. and by 4:00 AM 900 signs were printed and posted in the long term parking lot, AirTrain, and throughout the terminals. We had advised all of our Airport community, we got out our Paving and Grounds Department and our Custodial Department to deploy trash cans throughout the Airport to get ready for this. We knew the public did not have the information that we had so we had to be prepared. It was a bit chaotic and difficult to implement when passengers began arriving the first few hours, but the press got the word to the public and by Friday morning we were removing trash cans because we did not need as many. Our line waits over the weekend were back to a maximum of 10 minutes ... and that was at peak periods ... versus Thursday morning when the line waits were 50 minutes.

The airlines adjusted and the public adjusted.

This was a testament to the communication we have with our tenants and the way we practice emergency operations. We have a way of notifying the airlines of meetings. We go through drills to practice and prepare. We had just had a practice session on Wednesday for emergency response for a terrorist threat that lasted two hours. Our airlines are used to being in our EOC. They responded quickly. We were able to spread the word and put the rules in place quickly.

The issue now is that airlines are having to check about 25% more bags than they used to check so ticket counter lines are longer. We are working with the airlines to get their staff in early and to have enough staff to process that increased demand.

Commissioner Johns asked if there is less room for cargo since more bags are being checked.

Mr. McCoy responded that in some cases that is probably the case. Baggage goes first, mail second, and cargo goes last.

Commissioner Johns felt that this is going to put a strain on our people who are monitoring checked baggage.

Mr. McCoy responded that we are fortunate that 100% of our baggage goes through our

automated EDS system. The first screening is done by technology. A bag that has no suspect items just passes right through. About 30% of international bags and 25%-28% of domestic bags get a secondary look by a screener. Some bags will go through a third screening where they will actually be opened by the TSA. They will have to monitor and be sure they have the right amount of staff to screen their bags.

Commissioner Mazzola commended staff. He said that he was in Las Vegas and they had taxicabs backed up half a mile. There were hundreds of passengers outside the terminal in 100 degree weather waiting to get inside. It was bad for two days and then they got their act together.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

5. Award of Contract No. 8491 - Taxiways H & M Realignment - Phase II
Granite Rock Company, dba Pavex Construction Division - \$5,091,430.00

No. 06-0157	Resolution awarding Contract 8491, Taxiways H & M Realignment, Phase II, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction Division, in the amount of \$5,091,430.00.
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Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that Taxiways H and M are parallel taxiways that flow into Boarding Area A. Currently, there is only a 25 foot clearance if two 747s are on those taxiways. This contract will widen that clearance by 40+ feet, allowing both taxiways to remain open even when in use by the new large aircraft. It will also accommodate the new South Field checkpoint.

Two bids were received, with Granite Rock, dba Pavex Construction submitting the low bid. The project is funded under AIP Grant No. 36 which will pay 75% of the cost of the contract.

Commissioner Crayton asked why there was no DBE participation goal.

Mr. Eavis responded that there is no DBE goal for the rest of the year on FAA projects because we have already reached the DBE participation goal that was set at the beginning of the year for these projects. Once the goal is met, subcontracting participation is removed. The Federal fiscal year runs out on September 30.

Commissioner Ito asked if that is voluntary.

Mr. Eavis responded that is the way the Federal program works. We can exceed the goal but we cannot include a DBE requirement once the goal is met. However,

even though this contract does not include a DBE goal, Pavex is giving 9% of the contract to a DBE.

Commissioner Ito asked if it is the same project being referred to in Item No. 8 in the AIP grant cost summary.

Mr. Eavis responded that it is the same project. The Grant was based on estimates at that time. This project came in under the estimate.

Mr. Martin added that it also includes A, E and I and contingency costs.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

6. Award of Contract No. 8332B - Apron Modifications at Gates A7, A9 and G101
Granite Rock Company, dba Pavex Construction Division - \$1,776,500.00

No. 06-0158

Resolution awarding Contract No. 8332B, Apron Modifications at Gates A7, A9 and G101 to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction Division, in the amount of \$1,776,500.00.

Mr. Eavis explained that these next two items modify the Gates at G101 and A9 to accommodate new large aircraft. G101 will have three loading bridges, one of which will give access to the upper deck of the A380. A9 will have two loading bridges. We will wait to do a third bridge at A9 to see how it works and the costs involved. Contract 8332B is for the apron work that must be done ... driving piles to support the heavier loading bridge and field work.

The low bid was Pavex. This project is funded under AIP 33. It does not have a DBE requirement but 5-6% of the work will be performed by Bass Electric. Seventy-five percent of the cost of the project will be funded by the FAA.

Commissioner Johns asked if this will impede the flow of traffic.

Mr. Eavis responded that this is at the gate. It will get passengers on and off the plane faster. The work will be scheduled to reduce the impact as much as possible. These gates are at the end of the Boarding Areas so the work can be done with a minimum of interference to passengers.

Commissioner Mazzola noted that Pavex continues to get contracts at the Airport and asked if they are big enough to handle all of this work at one time.

Mr. Eavis responded that Pavex has been in existence for 100 years. They have a built in advantage over most other paving contractors in that Granite Rock is basically the only company in the area that can meet FAA specifications for aggregate. They charge contractors the same amount they charge themselves. The difference is that other contractors pay sales tax and they do not.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous

7. Award of Contract No. 8332C - Passenger Loading Bridge and Utility Modification at Gates A7, A9 and G101 - Thyssenkrupp Airport Systems, Inc. - \$2,748,393.00

No. 06-0159

Resolution awarding Contract 8332C, Passenger Loading Bridge and Utility Modifications at Gates A7, A9 and G101 to the lowest, responsive, responsible bidder, Thyssenkrupp Airport Systems, Inc., in the amount of \$2,748,393.00.

Mr. Eavis said that this contract will complete the modifications to passenger loading bridges. Only two companies do this type of work ...Thyssen is the largest. They did all of the loading bridges at the new Boarding Areas A and G. The other company did not submit a bid because they could not meet our specifications to match our existing loading bridges.

Thyssen's bid was well within our budget.

This contract will also receive 75% funding from the AIP grant.

Commissioner Crayton asked Mr. Eavis to explain the \$700,000 contingency budget.

Mr. Eavis responded that that money is set aside for additional work that may arise as we match the new loading bridges into the existing terminal. For example, we don't know how many of the existing utilities will have to be changed until we remove them .

Commissioner Johns asked if this is a percentage of the awarded contract.

Mr. Eavis responded that default is the basic percentage. If we feel there will be more unknowns, the percentage will go up. If we have to change the scope, we will return to the Commission. Contingency money is for the same scope of work.

Item No. 8 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous

8. Authorization to Expend Grant No. 36 - Airport Improvement Program - Project No. 3-06-0221-36 - \$22,180,046.00

No. 06-0160

Resolution authorizing the Director to expend Grant Offer No. 36 from the Federal Aviation Administration in the amount of \$22,180,046.00.

Mr. Eavis explained that the Commission has already provided authorization to accept the grant. This action authorizes us to spend the money. It is made up of our entitlement money (\$8-million) and our discretionary money (\$16.3 million).

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

A motion was made by Commissioner Mazzola and seconded by Commissioner Ito to deny Item No. 9. The item was voted down unanimously.

The remainder of the Consent Calendar, Item Nos. 9 through 12, was moved by Commissioner Guggenheim and seconded by Commissioner Ito. The vote to approve was unanimous.

9. ATM Surcharge Increase - Approval of \$2.00 ATM Surcharge to Bank of America's Domestic Banking Lease No. 00-0068 and Travelex America's ATM Lease Nos. 99-0458A and 99-0458B

Resolution approving an ATM Surcharge Fee increase from \$1.50 to \$2.00 for Bank of America's Domestic Banking Lease No. 00-0068 and Travelex America's ATM Lease Nos. 99-0458A and 99-0458B.

Commissioner Ito asked for information on the process.

Mr. Fermin explained that two of the leases, which were approved by the Commission and the Board of Supervisors, gave the Director the authority to make the change; the other two do not. If the Commission and the Board approve the two leases, the Director will approve the two that are under his authority.

Commissioner Johns said that she understood that this ultimately gives the Airport \$70,000 but she disagrees with it. "Industry standard" is insufficient reason to raise the fee by 50 cents.

Commissioner Crayton agreed.

Commissioner Johns said that the San Francisco Credit Union's ATM machine in City Hall does not charge a fee. She recently used an ATM that charged \$3.05 and it left her with a bad impression. Unless there is something more than industry standard she cannot support this.

Commissioner Crayton thought that ATMs in downtown San Francisco charged \$1.50. She asked what benchmarks the Airport used.

Mr. Fermin responded that staff checked transactions within the City. They also confirmed that each of these banks currently charge \$2.00.

Commissioner Johns said that she checked her personal statements this morning, going back eight months and noted that the BofA is \$2.00 in most places, however, she had a lot of \$1.50 charges. Private companies range from zero to \$3.05.

Commissioner Mazzola asked if the fee is split with the bank.

Mr. Fermin responded that about one third goes to the Airport.

Commissioner Mazzola asked why we decided to raise the fees.

Mr. Fermin responded that the banks have brought this up from time to time. The most recent request came from Travelex as part of an overall assistance package they requested from the Airport. They are struggling to meet their obligations. Their rent structure is fairly high. The volume of transactions they have today does not reflect what they were projecting at the time of bid because of September 11. This is one of the items where they were requesting assistance.

Commissioner Johns asked when this contract was awarded.

Mr. Martin responded that it began with the opening of the new International Terminal in 2000. The banks had requested an increase some time ago and we held off because \$1.50 was the standard in the City at the time.

Commissioner Crayton agreed that we need to pull this off the calendar.

10. Reject All Bids - Airport Public Communications Concession Lease

No. 06-0161	Resolution to reject bid submitted, approve the minimum qualification requirements and lease specifications, and authorize staff to re-bid the Public Communications Concession Lease.
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Commissioner Ito asked if this is the lease we were having difficulty with.

Mr. Fermin responded that this is the Pacific Bell lease that we went into litigation on and subsequently arrived at a settlement.

Mr. Martin said that there was a period where they were not paying their rent. Their business has diminished considerably.

Commissioner Crayton said that a couple of months ago we entered into another contract with them to provide communications at the Airport.

Mr. Martin said that they are not providing cell phone service at the Airport, they are providing the telecommunications backbone. We entered into contracts with cell phone companies for cell phone sites. This is just for pay phones.

Commissioner Johns noted that the bid bond was revised from \$200,000 down to \$25,000. What is our liability by reducing the bond that much.

Mr. Fermin responded that our liability is not much because the transition period to the assumption of the operation by the new operator is very short.

Commissioner Johns commented that she has a problem with this. We are living in a changing time and staff needs to bare that in mind before these items go out

for bid. She does not feel this was structured properly to begin with and the Commission should have had some of this information.

Mr. Martin said that we were more aggressive originally on the amount of rent we were seeking and that is one of the reasons we did not receive bids. This package does not establish the minimum annual guarantee. It provides more flexibility to get people in the door to bid. This is going to be more of a service item than a money maker.

11. Bid Call - Contract No. 8684 - Terminal 3 Solar Power System

No. 06-0162 Resolution approving the scope, budget and schedule for Contract No. 8684, Terminal 3 Solar Power System, and authorizing the Director to call for bids when ready.

12. Authorize a Rental Credit to Emporio Rulli for Construction Costs - \$43,277.00

No. 06-0163 Resolution authorizing a Rental Credit in the amount of \$43,277.00 to Emporio Rulli for construction costs.

Commissioner Ito asked why Emporio Rulli took so long to submit these bills for the International Terminal build-out and why was labor brought over from Italy? Were labor agreements in place?

Mr. Martin said that Bob Rhoades had negotiated with Gary Rulli and had actually signed a letter just before he passed away. We recently found the letter after Gary Rulli brought the issue up again. We don't know why he waited so long.

Consistent with the Italian theme of the kiosk, Gary brought in Italian carpenters. He had to fly them in earlier as a result of our schedule.

Commissioner Mazzola said that the only agreement is that they would have to pay prevailing wage.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There was no discussion by the Commission.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

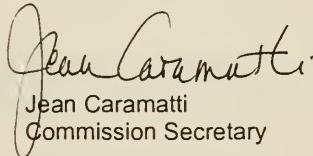
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:48 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

August 29, 2006
Special Meeting

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
CARYL ITO
ELEANOR JOHNS
RICH GUGGENHIME

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Special Meeting of
August 29, 2006

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C.	ADOPTION OF MINUTES: Regular meeting of August 15, 2006		06-0164	3
D.	ITEMS INITIATED BY COMMISSIONERS:			3
E.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 1. MOU with IATA, Incheon Intern'l Airport Corp., Korean Air and Asiana Air for a Radio Frequency Identification Baggage Tracking Trial Program		06-0165	3-5
F.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 2. Reject All bids - Contract 8256 - Underground Utilities Improvement - Storm Drainage Pump Stations 17 & 17 Replacement		06-0166	5-6
	3. Reject All bids - Contract 8353 - Pavement Replacement & Construction - Phase II		06-0167	6
	4. Exercise First of Five One-Year Options to Extend Term for Smarte Carte, Inc.'s Luggage Cart Program Lease & Operating Agreement		06-0168	6
	5. Reimburse Fung Lum Express for Unforeseen Construction Conditions at its Terminal 3 Facility		06-0169	6
	6. Approve U.S. Department of Agriculture Lease for Space at West Field Cargo Bldg. 3		06-0170	6-7
G.	NEW BUSINESS:			
H.	CORRESPONDENCE:			7
I.	CLOSED SESSION: Potential Litigation			7
J.	ADJOURNMENT:			7

AIRPORT COMMISSION SPECIAL MEETING MINUTES

August 29, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 15, 2006 were adopted unanimously.

No. 06-0164

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Authorizing the Airport to enter into a Memorandum of Understanding with the International Air Transport Association, Incheon International Airport Corp., Korean Air and Asiana Airlines for A Radio Frequency Identification Baggage Tracking Trial Program

No. 06-0165

Resolution authorizing the Airport to enter into a Memorandum of Understanding with the International Air Transport Association, Incheon International Airport Corporation, Korean Air and

Asiana Airlines for a Radio Frequency Identification
Baggage Tracking Trial Program.

Mr. Tryg McCoy, Deputy Director, Operations and Security explained that this item seeks Commission approval to enter into a Memorandum of Understanding (MOU) with Incheon Airport in Seoul, Korea, Korean Air and Asiana Airlines to conduct a six month test of Radio Frequency Identification (RFID) technology of baggage sorting and tracking of two Korean based airlines between two airports.

RFID technology stores more information on an imbedded chip on the bag tag than is currently stored on bag tag bar codes. The chip would include information on the customer and the final destination. It is relatively inexpensive and is a state of the art way of tracking bags.

San Francisco Airport was first approached by the International Air Transport Association (IATA) and Incheon Airport to participate in the first ever trial program to test this technology between Asia and North America. San Francisco would once again demonstrate its leadership in participating in this trial test.

There will be no cost to SFO. There is a partnership between industry providers, the airlines and the airports. The readers will be installed at these airports and the airlines will be supplied with the bag tags for free. With this system in place the airlines would be able to find out the exact location of a customer's bag. Whether it's been checked in, or is on the baggage carousel, or loaded into the plane, if it has arrived at its destination airport, or been delivered to the carousel at the destination airport, or picked up by the passenger.

This technology will greatly improve the customer's experience with reduced lost bags. IATA has this as one of its key components in its five cornerstones of moving the airline industry into future technology. This trial between two airports and two airlines will help demonstrate the concept of this technology.

The details of the MOU are still being worked out but he is confident that it will be exactly as he has described it. We have done other MOUs with IATA before, one of which was with the Common Use Self Service Kiosks, and he is certain that this MOU will express all of the terms he has described today.

Commissioner Ito asked who actually developed this technology.

Mr. McCoy responded that RFID technology has been tested in San Francisco for the past year. Part of the TSA's pilot program with our baggage inspection system was to work with one particular vendor to install readers and test bag tags. They have been tested in a pilot program with the TSA's technical office. The test is to see if RFID bag tags are more accurate than bar code tags. The test has been successful. There is one company that is supplying both the readers and the bag tags to the airlines for this test.

Mr. McCoy explained that there is a very thin film RFID reader in them. Encoders will be placed on ticket counters used by Korean and Asiana Airlines. The process to encode these bag tags will be different from what is currently being done. Bag

tags are currently printed and encoded with the customer's name and destination. The bag tag itself looks very similar.

Commissioner Johns asked if this was just a tracking system rather than having a security aspect.

Mr. McCoy said that it is just a tracking system. These tags cannot be read outside of the range of the readers.

Commissioner Guggenheim asked if this will speed up delivery as well.

Mr. McCoy responded that it will speed up delivery.

We expect to begin the trial in the first quarter of 2007. Seoul is the mover on this project. They want a signing ceremony.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item nos. 2 through 6, was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Reject All Bids - Contract No. 8256 - Underground Utilities Improvement - Storm Drainage Pump Stations 17 & 18 Replacement

No. 06-0166

Resolution rejecting all bids for Contract No. 8256, Underground Utilities Improvement - Storm Drainage Pump Stations 17 & 18 Replacement, and authorizing the Director to re-bid this contract when ready.

Commissioner Crayton asked if staff believes something was left out of the Engineer's estimate.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance, responded that he is doing some research and will prepare a memo to the Commission. Caltrans has a construction index that they use for their projects. They set the base year in 1987 at \$100 for a certain body of work. Seventeen years later that same body of work would have cost \$148.60, a 48% increase. Over the last 30 months that index is now at \$386, or 230 points.

The bids we are receiving on contracts are all over the place. Contractors are not just bidding to break even, the pick and choose projects to maximize profits. A lot of this is based on risk because prices for subcontractors are going up. If there are any unknowns at all they will bid up a project.

The first pump station is mainly electrical work. That project came in where the Engineers thought it would. Bids for the other pump station came in all over the place. We have one unit item where the prices vary from \$3.60 a linear foot to

\$250.00 a linear foot for PDC pipe.

We are splitting it up to create smaller units of work so that contractors won't see as much risk and we can get the work done at a much lower cost.

3. Reject All Bids - Contract 8353 - Pavement Replacement & Construction - Phase II

No. 06-0167 Resolution rejecting all bids for Contract No. 8353, Pavement Replacement & Construction - Phase II . and authorizing the Director to re-bid this contract when ready.

4. Exercise First of Five One-Year Options to Extend the Term for Smarte Carte, Inc.'s Luggage Cart Program Lease and Operating Agreement No. 01-0343

No. 06-0168 Resolution exercising the first of five one-year options to extend the term for Smarte Carte, Inc.'s Luggage Cart Program Lease and Operating Agreement No. 01-0343 from April 1, 2007 through March 31, 2008, and directing the Commission Secretary to seek Board of Supervisor approval.

Commissioner Ito asked if the advertising program was ever instituted.

Mr. Leo Fermin, Deputy Director, Business and Finance, responded that we just received Board of Supervisors approval.

Mr. Martin said that it took about 2-1/2 years to receive approval. We were never able to find out why it was delayed for so long.

Commissioner Ito asked if advertising fees have been factored into this contract.

Mr. Fermin responded that we will receive 40% of advertising revenues.

5. Reimburse Fung Lum Express, LLC in the Amount of \$25,000.00 for Costs Associated with Unforeseen Construction Conditions at its Terminal 1 Facility

No. 06-0169 Resolution authorizing a \$25,000.00 reimbursement to Fung Lum Express, LLC for costs associated with unforeseen construction conditions at its facility located in Terminal 1.

6. Approve Lease with the U.S. Department of Agriculture for Space at West Field Cargo Building 1

No. 06-0170 Resolution approving and authorizing the execution

of a lease with the U.S. Department of Agriculture
for space in West Field Cargo Building 1.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:16 AM.

Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

September 19, 2006

8:30 A.M.

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
September 19, 2006

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.	CALL TO ORDER:			4
B.	ROLL CALL:			4
C.	ADOPTION OF MINUTES: Special meeting of August 29, 2006		06-0172	4-5
E.	SPECIAL ITEM: 1. Election of Officers 2. Retirement Resolution - Hugo Tupac 3. Retirement Resolution - Tim Molnar 4. Retirement Resolution - Jeff Farrington 5. Commendation - Alan Wayne, UAL		06-0173 06-0174 06-0175 06-0176 06-0177	5 5 5 6 6
F.	ITEMS INITIATED BY COMMISSIONERS: Cell Phone Waiting Lot			6
G.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 6. Approve Proposed Business Terms and Authorization to Issue an RFP and Conduct a Pre-Proposal Conference for the Fixed Base Operation Services Operating Agreement 7. Amendment No. 6 to DFS Group, L.P.'s Post Security Master Retail/Duty Free Concession Lease		06-0178 06-0179	7-8 8
H.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 8. Ratification of Emergency Contract for Security Inspection Services - Primeflight Aviation Serv. 9. Award Contract 8499R - Roadway Traffic Signage for Lot DD Parking Garage - JMB Construction		06-0180 06-0181	9 9

10.	Award Travel Agency and Over-the-Counter Baggage Storage Lease-Airport Travel Agency	06-0182	9
11.	Rescind Airport Commission Resolution No. 04-0234 and Authorize a Pre-Proposal Conference for the Airport Spa Lease	06-0183	9-10
12.	Authorization to Expend Funds from A.I.P. Project no. 3-06-0221-37	06-0184	10
13.	Consent to Assignment of Domestic Terminals Food and Beverage Lease No. 03-0197 and 03-0200 from Compass Group USA Investments, LLP to Creative Host Services UA, LLC	06-0185	10-11
I.	NEW BUSINESS:		11
J.	CORRESPONDENCE:		11
K.	ADJOURNMENT:		11

AIRPORT COMMISSION MEETING MINUTES

September 19, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 8:32 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Cary Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

Hon. Linda S. Crayton, Vice President arrived at 9:04 AM.

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 8:37 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation entitled City and County of San Francisco v. Landavazo Bros., Inc. et al, U.S. District Court Case No. 01-2315 MHP; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 8:50 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

D. ADOPTION OF MINUTES:

The minutes of the special meeting of August 29, 2006 were adopted unanimously.

* * *

E. SPECIAL ITEM:

Commissioner Ito nominated Commissioner Mazzola for President and Commissioner Crayton for Vice President. The motion was seconded by Commissioner Guggenheim. The vote to approve the nominations was unanimous.

1. Election of Officers

No. 06-0173

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Retirement Resolution - Hugo Tupac

No. 06-0174

Mr. John Martin, Airport Director, said that Mr. Tupac is retiring after 33 years with the City, and 30 years at SFO. His was Chief of Surveys during his last seven years with the Airport. Mr. Tupac has had an outstanding career at SFO. He always demonstrated a great level of dedication. We wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Tupac on his retirement.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

3. Retirement Resolution - Tim Molnar

No. 06-0175

Mr. Martin said that Mr. Molnar has had a 24 year career with the City, with 21 years at SFO. He is retiring as a Chief Stationary Engineer. He has always set the highest standards in his work and demonstrated a high level of dedication and loyalty.

We wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Molnar on his retirement.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

4. Retirement Resolution - Jeff Farrington

No. 06-0176

Mr. Martin said that Mr. Farrington is retiring after 14 years at SFO. When he began his career with us he was the sole person responsible for voice communications at SFO. His one person office was merged with ITT in 1996 where he developed the Telecommunications Unit which is recognized as one of the best in the world among airports. Airports from around the world come to see how our Telecommunications System is set up.

We thank Mr. Farrington for his great work and dedication to the Airport.

Mr. Farrington said that he has been very fortunate to be surrounded by very good people. He has worked with people throughout the Airport that have made his job easier and made him look good. It has been a wonderful 14 years and he will look back on it with great memories.

He thanked Director Martin, Theresa Lee and John Payne.

Commissioner Mazzola thanked Mr. Payne for his years of service.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

5. Commendation for Alan Wayne

No. 06-0177

Resolution commending Alan Wayne, Manager, Public Affairs, Western Region, United Airlines on the occasion of his retirement.

Mr. Martin said that Mr. Alan Wayne has been a long term Public Affairs Manager for United Airlines. He has been with United for 30 years and in his current position as Manager of Public Affairs, Western Region since 1982.

Mr. Wayne was responsible for a nine state region which included California. He was a great supporter of the San Francisco business community, even though he was based in Los Angeles.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Johns said that she would like the Cell Phone Waiting Lot brought before the Commission.

Mr. Martin said that he would like the Commission's feedback on this issue.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 6 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous. Commissioner Crayton arrived at the meeting just prior to the vote of Item No. 6.

6. Approve Proposed Business Terms and Authorization to Issue a Request for Proposals and Conduct a Pre-Proposal Conference for the Fixed Base Operation Services Operating Agreement

No. 06-0178

Resolution approving the proposed evaluation criteria, the minimum qualification requirements and business terms, and authorizing staff to issue the Fixed Base Operation (FBO) Request for Proposals and to conduct a pre-proposal conference for the FBO Services Operating Agreement RFP.

Mr. Leo Fermin, Deputy Director, Business and Finance said that FBO, Fixed Base Operations, is the industry jargon for a facility which handles general aviation aircraft such as corporate jets and other privately owned aircraft. The FBO at SFO includes an Executive Air Terminal, two aircraft hangars, aircraft parking and circulation areas, and a customer automobile parking lot. This 12.7 acre site is located off the North Access Road, on the northeast part of the Airport.

The current operating agreement, which ends on September 30, 2007, is with Signature Flight Support. With the Commission's approval of the proposed business terms, staff will issue a Request for Proposals (RFP) for a new agreement, and conduct a pre-proposal conference. There are several key changes staff is proposing for this new agreement.

First, we are proposing to include pricing controls on fuel prices charged by the operator. The maximum retail fuel price that the operator may charge would be the average of the fuel prices at five comparable General Aviation facilities in the country, as determined by the Airport Director. The operator will be required to submit on a quarterly basis a pricing survey. Until the next survey is done, the operator will not be allowed to charge more than the average price established by the survey. The five General Aviation facilities to be used in the survey will be identified following the selection of the operator, so as to create a balance of airports at which they operate and those at which they do not.

Second, this new lease will have a Minimum Annual guarantee of at least \$3.5 million. The current agreement does not have a MAG. In the fiscal year just ended, the Airport received a total of \$7.3 million in rental payments against the operator's gross sales of \$31.8 million, so we believe this is a fair MAG which can protect the Airport on the downside, yet not be high enough to discourage interested proposers.

Finally, we will change the minimum percentage rent on fuel sales from today's 16% to 20%.

Commissioner Ito asked if they were tied in to Homeland Security.

Mr. Martin responded that they do operate under rules set by the TSA. The TSA has moved in the direction of requiring passenger screening, although he is not certain if that is actually in place yet.

Commissioner Guggenheim asked the Director if he was referring to secondary screening. He said that Boston requires secondary screening.

Mr. Martin said that Boston instituted it in advance of the TSA regulations.

Commissioner Ito asked if we are finding that use of that facility has increased.

Mr. Fermin said that business has been growing at close to 20% a year.

Commissioner Guggenheim asked to be recused from voting on Item No. 7. Commissioner Johns motioned to recuse with a second by Commissioner Ito. The vote to recuse Commissioner Guggenheim was unanimous.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

7. Amendment No. 6 to DFS Group, L.P.'s Post Security Master Retail/Duty Free Concession Lease

No. 06-0179

Resolution approving Amendment No. 6 to DFS Group, L.P.'s post-Security Master Retail/Duty Free Concession Lease No. 99-0035 and directing the Commission Secretary to seek Board of Supervisors approval for the same.

Mr. Fermin explained that DFS is planning an upgrade to their merchandise offerings at the Airport, adding new boutiques and quality brand offerings. To do this, we propose to give them approximately 3,000 more square feet, in exchange for increasing their Minimum Annual Guarantee by \$300,000, from \$26.1 million to \$26.4 million. DFS will add a second Coach store in International Terminal Boarding Area A, as the first store in International Terminal Boarding Area G has been very successful. A Gucci boutique will be created in the existing San Francisco Bay Traders store near security in Boarding Area G, Polo and Tumi stores will also be added, as well as brands such as Swarovski, Montblanc, Celine, La Prairie, La Mer and others.

This lease amendment is a "win-win" for both DFS and the Airport. Besides enhancing the overall offerings to the traveling public, the additional \$300,000 in rent is greater than what we could have achieved by bidding out the additional space separately to individual retailers. Also, as part of this package, DFS relinquishes the space needed for the Secure Connector being built from Terminal 3 to the International Terminal.

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 13, was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

8. Ratification of Emergency Contract for Security Inspection Services - Primeflight Aviation Services, Inc. - Not-to-exceed \$375,000

No. 06-0180	Resolution ratifying an emergency contract approved by the President of the Airport Commission pursuant to Section 21.15 of the San Francisco Administrative Code for Security Inspection Service not to exceed \$375,000.
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9. Award of Contract No. 8499R - Roadway Traffic Signage for the Lot DD Parking Garage - JMB Construction, Inc. - \$490,000

No. 06-0181	Resolution awarding Contract No. 8499R, Roadway Traffic Signage for the Lot DD Parking Garage to the lowest responsive, responsible bidder, JMB Construction, Inc., in the amount of \$490,000.
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10. Award of Travel Agency and Over-the-Counter Baggage Storage Lease
Airport Travel Agency, Inc.

No. 06-0182	Resolution awarding the Travel Agency and Over-the-Counter Baggage Storage Lease to Airport Travel Agency, Inc.
-------------	-----------------------------------------------------------------------------------------------------------------

11. Rescind Airport Commission Resolution No. 04-0234 and Authorizing Staff to Conduct a Pre-Proposal Conference for the Airport Spa Lease

No. 06-0183	Resolution rescinding Commission Resolution No. 04-0234 authorizing staff to conduct a pre-proposal conference for the Airport Spa Lease, and approving the business terms and authorizing staff to issue a Request for Proposals and conduct a competitive selection process for the Airport Spa Lease.
-------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Commissioner Ito asked for more information.

Mr. Fermin explained that previously the Commission had approved going out for an RFP for the Spa Lease which at the time included four locations. We then conducted a pre-proposal conference and discovered through feedback from

interested parties that two of the four locations were not ideal and no one was interested in those locations.

Meanwhile we entered into discussions with DFS about refurbishing their merchandise offerings in both Boarding Areas A and G, and one of the spaces being considered was the location of the current Spa lease. That complicated the process further. As a result we are putting together a new RFP which addresses two locations ... one in Terminal 3, Boarding Area E in the location of the Palm Store; the second will be in Boarding Area G, roughly in the middle of the concourse in a deferred concession space not presently occupied.

Once we are underway with the DFS refurbishments the existing Spa location in Boarding Area A will be closed down and converted to a Coach store.

We lowered the MAG for the Spa Lease because we are now looking at two locations rather than four. Based on feedback from interested parties, we determined that a high MAG was not feasible because this is such a labor intensive business.

Commissioner Ito noted that the square foot investment is higher and the overhead is costly.

Mr. Fermin said that when we looked at the quality of what they had to do to create a spa, the original estimate for square foot investment of \$150 seemed a little on the low side. The second reason for the increase to \$200 per square foot is since there are only two spaces to complete, the economy of scale is lost on the construction side.

Commissioner Ito noted that when we first considered the idea of a spa there was only one player in this arena and asked if that has changed.

Mr. Fermin said that we have had expressions of interest from quite a few parties ranging from massage operators to hair and nail salon operators. We expect several parties to show up.

12. Authorization to Expend Funds from Airport Improvement Program Project No. 3-06-0221-37 (Grant No. 37) - \$1,425,000.00
No. 06-0184 Resolution authorizing the Director to expend Grant Offer No. 37 from Federal Aviation Administration Airport Improvement Program Project No. 3-06-0221-37 in the amount of \$1,425,000.

13. Consent to Assignment of the Domestic Terminals Food and Beverage Lease Nos. 03-0197 and 03-0200 from Compass Group USA Investments, LLP to Creative Host Services USA, LLC.
No. 06-0185 Resolution consenting to the assignment of the

Domestic Terminals Food and Beverage Lease
Nos. 03-0197 and 03-0200 resulting from the sale
of the majority-in-interest from Compass Group
USA Investments, LLP to Creative Host Services
USA, LLC.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:10 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

October 3, 2006

F
45
12
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9:00 A.M.

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JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
October 3, 2006

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B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES: Regular meeting of September 19, 2006	06-0186	4
D.		ANNOUNCEMENT BY SECRETARY:		4
E.		SPECIAL ITEM: 1. Commendation for Former Airport Commissioner Michael S. Strunsky	06-0187	4-5
F.		ITEMS INITIATED BY COMMISSIONERS:		5-6
G.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 2. Award Contract 8679 - Air Cargo Explosives Detection Pilot Program - D. W. Nicholson	06-0188	6-8
		3. Declaration of Emergency - Contract 8721 Replacement of 400 Hertz Generators for Aircraft Power	06-0189	8
H.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 4. Authorization to Issue Request for Proposals - Contract 8690 - Professional Services for Environmental Laws Compliance Program	06-0190	8
		5. Authorization to Accept and Expend TSA Funding for K-9 Explosives Detection Team Program	06-0191	9
		6. Modification No. 5 to Professional Services Contract - Leigh Fisher Associates	06-0192	9-10
		7. Settlement of Unlitigated and Litigated Claims for FY 2005/2006	06-0193	10
I.		NEW BUSINESS:		10

J.	CORRESPONDENCE:	10
K.	CLOSED SESSION:	
	Potential Litigation	11
L.	ADJOURNMENT:	11

AIRPORT COMMISSION MEETING MINUTES

October 3, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Caryl Ito
Hon. Eleanor Johns

Hon. Linda S. Crayton, Vice President arrived at 9:03 AM.

Absent: Hon. Rich Guggenheim

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of September 19, 2006 were adopted unanimously.

No. 06-0186

* * *

D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 06-0171 regarding a settlement of litigation entitled "CCSF v Landavazo Bros., Inc., et al., " U.S. District Court, Northern District of California, Case No. C 01 2315 MHP, by payment to the CCSF of \$537,500 at the closed session of September 19, 2006.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Commendation for Former Airport Commissioner Michael S. Strunsky

Mr. John Martin, Airport Director, asked former Commissioner Michael Strunsky to come to the speakers podium. He formally thanked Commissioner Strunsky for his tremendous contributions to the Airport over the 13 years he was on the Commission.

Commissioner Strunsky always made the Airport a very high priority among his other business and community commitments. He played a very important role in the Airport's very successful \$2.4 billion Master Plan Program, which for several years was the largest public works project in the country. He and Airport staff relied on him throughout the program for his advice.

We are most grateful for his generosity of time, for his unwavering dedication and support to the Airport Commission and Airport staff.

Commissioner Mazzola thanked Commissioner Strunsky.

Commissioner Strunsky thanked the Commission and the Director for this recognition. He had more fun in the last 13 years sitting with this Commission than he ever thought was possible. It's rare in life that a person who has spent almost all of his working hours in the construction business worrying about pouring concrete, erecting steel and finishing roadways has the opportunity to play in an almost \$3 billion sandbox and have it come out as absolutely gorgeously and effectively as it has.

In 1994 when we set the budget for the Master Plan, not only did we forecast the actual costs that we would encounter but we converted those costs into a yearly debt service payment. Interest rates went down during the course of the Master Plan and we found new financing schemes. Despite the significantly greater scope of the International Terminal than originally planned in 1994, our annual debt service cost is less than we forecasted at that time. Matier and Ross have never understood that.

He wanted to make clear that he did not step aside from his role as an Airport Commissioner gladly. He wanted to be reappointed and to continue to use his construction experience and his licensed instrument pilot experience to benefit San Francisco Airport and San Francisco, but that was not to be.

He said a fond good-bye to the Commission, Director and staff.

Commissioner Mazzola said that he will miss Commissioner Strunsky and his "say it like it is" approach.

Each Commissioner said that they will miss Commissioner Strunsky.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito asked staff to prepare a report on the impact the latest TSA security regulations have had on our concessions and the mitigations we have undertaken to relieve the financial issues created by those new regulations.

Mr. Martin said that he will ask Mr. Fermin to follow up with a report to the Commission.

Commissioner Crayton asked how we have fared with Federal funding. She heard that the Port of Oakland has not received any Federal funds for security purposes.

Mr. Martin responded that we received 60% funding reimbursement from the TSA for our in-line baggage screening system. We would have liked to receive 75% funding, but our system is complete while Oakland is still trying to get funding to complete theirs. Nationwide the TSA is looking at a post 2020 schedule for providing full funding for system-wide completion. That it's taking so long to provide funding is a serious concern, especially when there is only a two or three year pay back period on this capital investment.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Award of Contract No. 8679 - Air Cargo Explosives Detection Pilot Program

No. 06-0188

Resolution awarding Contract No. 8679, Air Cargo Explosives Detection Pilot program.

Mr. Ivar Satero, Deputy Director, Design and Construction, said that this item awards the Phase 2 design-build contract to D.W. Nicholson for the design and construction of the air cargo explosives detection screening systems in the initial amount of \$883,000 for design phase services.

The Commission previously authorized the Phase 1 work for the removal scope of four surplus CTX9000 machines from the inline baggage screening system in the International Terminal. The design of the removal scope is in progress. The Airport has authorized the procurement of long-lead items, including replacement baggage conveyor systems, which will be installed immediately following the removal of each CTX machine. We anticipate removing the machines in January.

Under this contract, the design-build contractor will prepare the detailed design of the cargo screening systems, procure all related conveyors, controls and material handling systems and equipment, prepare in coordination with the airlines the proposed system configuration and location of the proposed screening systems, develop construction phasing plans and deploy the systems at the facilities.

Although staff performed extensive contractor outreach, including directly contacting firms throughout the country with expertise in this area, the Airport received one proposal in response to the RFP. The pre-bid conference was well-attended,

including eight general contractors with expertise in this area. However, several firms were not agreeable to the condition of the Reimbursement Agreement with Lawrence Livermore National Laboratory and the Airport which requires them to indemnify the Airport, Lawrence Livermore Lab and the U.S. Government from any liability related to the deployment of these systems. Firms also felt that the requirement to locate a project office within the nine Bay Area counties was difficult to justify, given that only the initial design scope would be awarded at this time. We were very concerned about the responsiveness during this Pilot Program. This was similar to what we had done on projects in the Master Plan construction management services and materials testing services that required that level of immediate response.

For future procurements, project staff will work closely with the newly created Airport Contract Administration Office to try to develop additional strategies for improving contractor participation in the bid process.

The Selection Panel reviewed the sole proposal, performed client reference checks and determined that D.W. Nicholson's proposal was responsible and responsive to the requirements of the RFP. The Project Team submitted by D.W. Nicholson has the necessary expertise and the proper professional licensing to develop the designs and implement the project. The fee proposal of 10% is acceptable to the Airport and is in compliance with Federal acquisition regulations. Based on the FAR compliant "Best Value" criteria, the D.W. Nicholson proposal received 81 points out of a total of 100.

Once the design has been sufficiently developed, we will update the proposed construction budget. We will then return to the Commission with a recommendation to proceed with the deployment phase, and provide an updated scope and updated budget in the form of a modification to this contract.

All funding for this cost-plus-fixed fee contract will be provided from the Airport's Reimbursement Agreement with Lawrence Livermore Lab for the Pilot Program, budgeted in the amount of \$10 million.

Lawrence Livermore Lab and the Airport's Small Business Affairs Office have determined that, due to the specialized nature of the work, there are no Small Business Enterprise subcontracting opportunities for this contract.

We will spend the next two and a half to three months in the design and procurement of long lead items for the deployment phase and we would begin construction of the systems at the cargo facilities in January; they will be completed in February. The following eight to 10 months would be spent in data collection. By October of next year we will have completed the screening data collection phase and then Lawrence Livermore has two months for report preparation and reporting back.

Commissioner Johns asked if that is the fastest it can be done.

Mr. Satero responded that the date established by Lawrence Livermore was October 2007. That gives them sufficient time for data collection. He said that he

will confirm that.

Commissioner Crayton asked if the Small Business Affairs replaced the Human Rights Commission office.

Mr. Satero responded that it was formerly the M/WBE Outreach Office.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Declaration of Emergency Contract No. 8721 - Replacement of 400 Hertz Generators for Aircraft Power

No. 06-0189 Resolution ratifying an emergency declaration and authorizing Replacement of 400 Hertz Generators for Aircraft Power at Boarding Area "G".

Mr. Ernie Eavis, Deputy Director, Facilities, explained that this resolution ratifies the action of Commission President Mazzola in declaring an emergency to replace three 400 hertz generators at Boarding Area G. One of the generators caught on fire a few weeks ago and we are down to two generators for that area.

A 400 hertz generator produces power at 400 cycles per second. The normal house current is 60 cycles per second. That's the alternating portion of alternating current ... it goes from positive to negative.

Aircraft manufacturers use that because it's much closer to direct current and almost all components on an aircraft run off direct current. This makes it a much easier transition.

★ ★ ★

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 7, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Authorization to Issue a Request for Proposals for Contract No. 8690 - Professional Services for Airport's Environmental Laws Compliance Program

No. 06-0190 Resolution authorizing issuance of a Request for Proposals (RFP) for Environmental Professional Services for the Airport's Environmental Laws Compliance Program. This program provides for monitoring and reporting for water quality and air quality control and for management of hazardous materials at the Airport to ensure compliance with the requirements imposed by local, state and federal laws.

5. Authorization to Accept and Expend Transportation Security Administration (TSA) Funding for the K-9 Explosives Detection Team Program - \$169,365.00

No. 06-0191

Resolution authorizing the acceptance and expenditure of Transportation Security Administration (TSA) funding for the K-9 Explosives Detection Team Program of up to \$169,365.00.

6. Modification No. 5 to Professional Services Contract with Leigh Fisher Associates - \$100,000.00

No. 06-0192

Resolution approving Modification No. 5 to Leigh Fisher Associates Contract to include design review work and increase the not-to-exceed contract amount by \$100,000 for a new not-to-exceed total contract amount of \$950,000; and, approve the name change to Jacobs Consultancy - Airport Management Consulting.

Commissioner Ito asked if Jacobs has an airport division. She also asked why Design Review was added to this contract.

Mr. Fermin responded that Jacobs Consultancy is a large international consulting firm headquartered in England. They provide consulting work in a number of transportation areas ... seaports, highways, etc. They expanded recently into the airport sector by acquiring Leigh Fisher Associates. Nick Davidson, a Leigh Fisher chief principle, was promoted up in Jacobs to oversee the firms new global airport consulting practice. They are focusing on airports through their acquisition of the Leigh Fisher firm.

Design Review services was previously provided through the Leigh Fisher contract, however it was included in the Domestic Terminals Food and Beverage Contract which has since expired. That is why we are now transitioning that work into this contract. This service provides design review consulting work on food and beverage as well as retail.

The Design Review Committee reviews all storefront designs and materials to be used in the stores before the tenant seeks a building permit.

Commissioner Ito asked what the process is when a retailer has objections to some of the guideline changes not necessarily tied to costs. She hears about issues in the community even when protests are not necessarily made to staff. At times our Design Review Committee has required using a particular equipment provider when another provider offers comparable equipment at a lower price. Other issues revolve around aesthetic differences.

She feels that there needs to be another level of review because some concessionaires are fearful of complaining.

Mr. Martin said that occasionally when a tenant does not agree with the Design Review Committee he meets with the parties to try and resolve the issue.

Commissioner Ito said that the issues are over colors, signage ... significant things.

Mr. Martin said that there is a lot of discussion with tenants and the Design Review Committee in trying to work toward a middle ground where objectives of both parties can be met.

Commissioner Crayton asked why this was not formally bid out.

Mr. Fermin responded that this was part of an earlier process where the Commission approved the creation of a pool of Airport Management Consultants. That process consisted of a number of services in a number of areas ... traffic analysis, parking rate analysis, passenger forecasting, concession-related work. As part of that process we asked firms to submit qualifications for those different areas. We then created a pool of firms with expertise in each area. For this particular area ... concession-related design and analysis services ... Leigh Fisher submitted their qualifications and they were short-listed and approved for the pool.

Commissioner Crayton asked if this involved our Small Business Affairs office.

Mr. Fermin responded that our Small Business Affairs Office was involved. Each of the proposers listed a team of subconsultants with their areas of expertise identified.

7. Settlement of Unlitigated and Litigated Claims for FY 2005/06 - \$33,844.93

No. 06-0193

Resolution ratifying the settlement of Unlitigated and Litigated Claims for FY 2005/06 amounting to \$33,844.93.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were requests from the public to speak.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

October 17, 2006

DOCUMENTS DEPT.

9:00 A.M.

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JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
October 17, 2006

CALENDAR AGENDA SECTION	ITEM TITLE	RESOLUTION NUMBER	PAGE
A.	CALL TO ORDER:		4
B.	ROLL CALL:		4
C.	ADOPTION OF MINUTES: Regular meeting of October 3, 2006	06-0194	4
D.	SPECIAL ITEM: 1. Retirement Resolution - Lawrence A. Jessup	06-0195	4-5
E.	ITEMS INITIATED BY COMMISSIONERS:		5
F.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 2. Item No. 2 was removed from the calendar		5
G.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 3. Authorization to Conduct a Competitive Selection Process for the Cellular Phone Rental Service Lease	06-0196	5
	4. Taxi Management Control System Support Agreement	06-0197	5-6
	5. Contract Holdover - Ampco System Parking	06-0198	6
	6. Contract Holdover - Pacific Park Management	06-0199	6
	7. Exercise Final One-year Option for ATM Leases - Travelex America	06-0200	6-7
	8. Authorization to Execute Grant Agreement with S.F. County Transportation Authority for Clean Air Vehicles	06-0201	7
	9. Authorization to Seek, Accept & Expend Funds from Bay Area Air Quality Management District for Clean Air Vehicles & Equipment	06-0202	7
H.	NEW BUSINESS:		7

I.	CORRESPONDENCE:	7
J.	CLOSED SESSION:	
	Potential Litigation	7-8
K.	ADJOURNMENT:	8

AIRPORT COMMISSION MEETING MINUTES

October 17, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 3, 2006 were adopted unanimously.

No. 06-0194

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Lawrence A. Jessup

No. 06-0195

Mr. John Martin, Airport Director, said that Mr. Jessup is the head of the Mechanical Maintenance section, a large group of employees which includes Stationary Engineers. His section is responsible for maintaining the Central Plant which includes air quality, chilled water, heated water throughout the terminals as well as maintaining the moving walkways and escalators.

Mr. Jessup is retiring after 23 years with the City, 20 year of which have been at the SFO. Larry has always done a tremendous job. He is a loyal and dedicated employee committed to providing services to the Airport.

We thank Larry for his dedicated service and wish him well in his retirement.

Commissioner Mazzola congratulated Mr. Jessup. He said that he can attest to the fact that the craft workers think very highly of Mr. Jessup. He has done an outstanding job. He thanked Mr. Jessup for all that he has done for the craft workers at SFO.

Mr. Jessup thanked the Commission, the Director, Jackson Wong and Ernie Eavis for entrusting him with the facilities over the last 20 years. It has been a pleasure. SFO has one of the largest plants in the United States and it was a privilege and an honor to maintain it and to be able to follow the Airport's growth over the years.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

2. Item No. 2 was removed from the calendar.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 3 through 9, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Authorization to Conduct a Competitive Selection Process for the Cellular Phone Rental Service Lease

No. 06-0196

Resolution approving the proposed minimum qualifications requirements and lease specifications, and authorizing staff to conduct an Informational Conference for the Cellular Phone Rental Service Lease.

4. Taxi Management Control System Support Agreement - \$100,000

No. 06-0197

Resolution approving a contract with ERG Transit Systems for customer services, maintenance, and transaction processing of ERG's Taxicab Management Control System for one year, with up to four one-year renewal options, at the discretion of the Commission, at an annual cost for the first year not-to-exceed \$100,000.

Commissioner Johns noted the Commission voted on this recently and asked why

this \$100,000 was not included then. She does not remember this being mentioned.

Mr. Tryg McCoy responded that this is the third and final piece of this project. The Commission has voted twice before on this project. The first vote awarded the contract to ERG, the company that developed the software. The second award was for the construction and installation. The Commission's vote today is for the customer service piece of the overall package.

This is for the first year of a potential three year customer service program. It will include 18-hour day telephone support for taxicab drivers who might have questions about the SmartCard process they will be following, and for system maintenance. This had to be a separate contract from the award to purchase equipment.

5. Contract Holdover with Ampco System Parking

No. 06-0198 Resolution authorizing a month-to-month holdover of the existing Public Parking Operating Agreement with Ampco System Parking for a period not-to-exceed twelve (12) months.

6. Contract Holdover with Pacific Park Management, Inc.

No. 06-0199 Resolution authorizing a month-to-month holdover of the existing Employee Parking Operating Agreement with Pacific Park Management Inc., for a period not-to-exceed twelve (12) months.

Commissioner Ito asked what kind of time line we are looking at.

Mr. Fermin responded that we are hoping to get this resolved as soon as possible. We are in the process of making recommendations on the selection process for the new contract. His goal is to try to get this resolved within the next few months.

7. Travelex America, ATM Lease, Nos.99-0458A and 99-0458B to Exercise Final One-Year Option to Extend the Term

No. 06-0200 Resolution exercising the second and final one-year option to extend the term of Travelex America, Inc.'s Automated Teller Lease No. 99-0458A from December 10, 2006 through December 9, 2007 with Base Rent equal to the Minimum Annual Guarantee of \$240,500 plus Percentage Rent plus Transaction Rent; and, No. 99-0458B for an extension term of December 10, 2006 through December 9, 2007 with Base Rent equal to the Minimum Annual Guarantee

of \$240,500 plus Percentage Rent plus Transaction Rent.

8. Authorize Director to Execute Grant Agreement with the San Francisco County Transportation Authority for Clean Air Vehicles - \$204,000

No. 06-0201

Resolution authorizing Airport Director to execute grant agreement with the San Francisco County Transportation Authority for the acquisition of low emission hotel courtesy shuttle vehicles for permitted Airport fleets. No Airport funds will be used for the program.

9. Authorize Staff to Seek, Accept and Expend Funds from the Bay Area Air Quality Management District for Clean Air Vehicles and Equipment - \$2,500.000

No. 06-0202

Resolution authorizing staff to seek, accept and expend funds from the Bay Area Air Quality Management District to encourage Airport Operators to acquire clean air vehicles and related equipment.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:10 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.8 to confer with legal counsel; and, Government Code Section

54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:14 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

K. ADJOURNMENT:

There being no further calendar business before the Commission the meeting adjourned at 10:15 A.M.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 6, 2006 Special Meeting

DOCUMENTS DEPT.

9:00 A.M.

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Vice President

CARYL ITO

ELEANOR JOHNS

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
November 6, 2006

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES: Regular meeting of October 17, 2006	06-0204	4
D.		ITEMS INITIATED BY COMMISSIONERS:		5
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 1. Approve Negotiations for the Parking Management Contract - New South Parking	06-0205	5
		2. Contract 8118A (FAA) - Upgrade Closed Circuit Television system (CCTV) - Approve Selection of Pelco as CCTV Manufacturer	06-0206	5-7
		3. Award of Public Communications Concession Lease - Pelican & Telelink Communications, a Joint Venture	06-0207	7-8
		4. Award Contract 3828B - Electrical Power Distribution System Improvements - North Field - Proven Management, Inc.	06-0208	8
		5. Modification No. 5 to Contract 5703A - AirTrain Operation and Maintenance - Phase II - Bombardier Transportation (Holdings) USA, Inc.	06-0209	8-10
		6. Authorization to Establish Pools of Pre- Qualified Firms to Provide Investment Banking and Related Services	06-0210	10-11
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 7. Award Professional Services and Software Contract 8399 for Airport's Property Management and Billing System (PMBS) - GCR & Associates, Inc.	06-0211	11
		8. Award Contract 8359R - Taxicab Management		

	Control system Electrical Infrastructure - Liberty Electric, Inc.	06-0212	11
9.	Authorization to Accept Proposals for Spa Lease	06-0213	12
10.	Authorization to Accept Proposals for the Technology Products Stores Lease	06-0214	12
11.	Bid Call - Contract 8458 - Airport Facilities Fall Prevention Implementation	06-0215	12-13
12.	Bid Call - Contract 8516 - Sanitary Sewer Pump Station 5A Retrofit	06-0216	13
13.	Approve Contract with the Corporation of Fine Arts Museums of San Francisco	06-0217	13
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I.	CLOSED SESSION: Potential Litigation		13
J.	ADJOURNMENT:		13

AIRPORT COMMISSION SPECIAL MEETING MINUTES

November 6, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 416, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns

Absent:

Hon. Rich Guggenheim

* * *

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:01 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:50 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 17, 2006 were adopted unanimously.

No. 06-0204

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

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E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was 3-1, with Commissioner Johns casting the dissenting vote.

1. Approval to Negotiate Parking Management Contract - New South Parking

No. 06-0205 Resolution authorizing contract negotiations with New South Parking, the highest rated proposer for the Airport's Parking Management Contract.

Mr. John Martin, Airport Director, said that following the RFP process and the best and final offer process, we are recommending award of the contract to new South Parking.

Item No. 2 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was 3-1, with Commissioner Crayton casting the dissenting vote.

2. Contract No. 8118A (FAA) - Upgrade of Closed Circuit Television System (CCTV)
- Approve Selection of Pelco as the CCTV Manufacturer

No. 06-0206 Resolution approving selection of Pelco as CCTV manufacturer for Contract No. 8118A, to provide digital video equipment for the upgrade of the Airport's Closed Circuit Television System (CCTV).

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction explained that this items approves the selection of Pelco as the equipment manufacturer for the upgrade of the Airport's existing CCTV system.

The contract will enhance the existing CCTV system by providing for real-time distribution of live and digitally recorded video to designated Airport staff and allow for full integration of the CCTV system into the new Security Operations Center and provide for 100% digital recording

The successful firm will provide equipment and services including digital video recorders, servers, digital storage devices, application software, workstations, training and factory support. The estimated cost for the equipment and services is \$1.5 million, and will be funded 25% from the Airport's Capital Improvement Program and 75% from FAA grant funding.

In June, the Commission authorized staff to initiate a procurement process for the

selection of the CCTV manufacturer. The Airport developed evaluation criteria, identified a selection panel and issued an RFP. The Airport received 15 proposals in response to the RFP.

The selection panel scored and ranked the proposals. The top three scoring manufacturers were then invited to participate in an on-site evaluation process. The firms installed their equipment at the Airport, and the systems were tested and evaluated by the selection panel based on the performance criteria contained in the RFP. Final scores were calculated based on each firm's performance both in the written proposals and in the on-site evaluation phase.

Pelco was determined to be the highest ranked proposer, with a combined score of 133. NICE Systems scored 2nd at 130, and Broadware scored third at 126.

The Airport received two protests following the written proposal phase. One protest did not allege deficiencies in the selection process or scoring, but did request that their proposal be reconsidered for evaluation. The other protest alleged that the top three scoring manufacturers failed to meet the minimum qualifications and did not comply with several technical requirements of the solicitation. The protests were reviewed by project staff and the City Attorney's Office, along with additional supporting documentation provided by the manufacturers and determined to be without merit.

A protest was also received at the conclusion of the on-site evaluation phase of the process from NICE Systems, the second highest scoring firm, alleging that certain actions during the on-site evaluation impacted their performance and were done to give an advantage to a supposed preferred manufacturer.

Project Staff and the City Attorney's Office reviewed the protest, along with all pertinent documentation, interviewed Quatrotect staff, the Airport's Special Systems Integrator responsible for coordinating the system installation and found no evidence to support the NICE Systems claims and responded accordingly. When we did not receive any further follow-up information from NICE Systems we issued a second letter near the end of October inquiring as to the status of the claim. In its response, NICE Systems indicated that they would need until November 21st to more fully respond.

As mentioned previously, this contract is funded 75% through FAA grant funds. This grant expires at the end of June 2007, therefore it is important that this project proceed without further delay in order not to jeopardize the availability of these funds due to the expiration of the grant.

Based on the results of the scoring, and the results of the investigations of the bid protests, staff recommends that the Commission approve the selection of Pelco as the successful proposer in response to the CCTV Upgrade RFP. With the Commission's concurrence, staff will work with the City's Office of Contract Administration to prepare a bid solicitation for the Pelco equipment and services through an authorized Pelco distributor.

Commissioner Crayton said that in looking at the scoring there was a 13 point

spread on the written evaluation and they came out 16 points ahead of the next firm in the on-site evaluation, with only a one point differential between the second and third proposer. She thought this was strange that the second and third proposer scored so close.

Mr. Satero responded that the evaluation panel consisted of four members with various expertise in these systems. The panel consisted of users, maintainers and technical people and they look at the system differently. The scoring may reflect that to a certain extent. He was not surprised to see that type of differential just because of the different qualifications of the evaluation panel. We had Facilities, Security, ITT and our head Electrician on the panel.

One of the things alleged was that there were changes to the existing Pelco switch. The Pelco switch is a shared resource and all of the three top scoring proposers use that switch. Before the on-site evaluation started, the switch was adjusted so that all systems could talk through the switch. We did not find any evidence that there was any manipulation or tampering of that switch during the on-site evaluation.

Commissioner Johns asked if the other two firms knew about the upgrade.

Mr. Satero responded that they did.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of the Public Communications Concession Lease - Pelican & Telelink Communications, a Joint Venture

No. 06-0207

Resolution approving the award of the Public Communications Concession Lease to Pelican & Telelink Communications, a joint venture, for a term of two years with one one-year option exercised at the sole discretion of the Airport Commission, at a minimum annual guarantee of 42% of total annual gross revenues, with such award subject to Human Right's Commission's determination that Pelican & Telelink Communications complies with the Equal Benefits Ordinance.

Mr. Gary Franzella, Associate Deputy Director, Business and Finance, explained that this item seeks approval of a Public Communications Concession Lease to Pelican & Telelink Communications, a joint venture. The lease covers approximately 300 public pay phones spread throughout our facilities, pre-paid calling cards, data ports, internet access and coin changers. The current contract with AT&T expires on December 31, 2006.

Consistent with Airport Commission approval via Resolution No. 06-0161, the Airport conducted a Request for Bids. Five firms responded to the RFB. When

the bids were opened and reviewed, Pelican & Telelink Communications, a joint venture submitted the highest responsive and qualified bid, offering to share 42% of revenues generated from public telephone services at SFO.

Pelican Communications is a local firm from Danville, CA. It has 51% majority ownership. They are the current pay phone vendor for the City of San Jose and San Jose International Airport. Latin American Enterprises, dba Telelink, is a DBE firm based in Hialeah, FL.

This is a two year lease with a one year option. Subject to HRC determination that the joint venture complies with the Equal Benefits Ordinance, staff requests approval to award the lease to Pelican & Telelink Communications.

Commissioner Mazzola asked why AT&T did not bid.

Mr. Martin thought that they were going out of the pay phone business.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Award of Contract No. 3828B - Electrical Power Distribution System Improvements - North Field - Proven Management, Inc. - \$4,551,075

No. 06-0208 Resolution awarding Contract No. 3828B, Electrical Power Distribution System Improvements, North Field, to the lowest responsive, responsible bidder, Proven Management, Inc., in the amount of \$4,551,075.

Mr. Ernie Eavis, Deputy Director, Facilities, said that this contract will increase the capacity of the 12,000 volt power distribution system at the North Field as well as better distribute the power supply to new and existing substations.

The project is Federally funded with 75% of the cost being paid under AIP 26.

Three bids were received with Proven Management, Inc. submitting the lowest, responsive responsible bid.

Mr. Eavis requested award with two add alternates ... one will add 36,000 feet of 750mcm cabling, and the other 7,000 feet of 500mcm cabling.

Item No. 5 was moved by Commissioner Johns and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Modification No. 5 to Contract No. 5703A - AirTrain Operation and Maintenance - Phase II - Bombardier Transportation (Holdings) USA, Inc. - \$5,370,174

No. 06-0209 Resolution approving Modification No. 5 to Contract

No. 5703A - Phase II, AirTrain Operation and Maintenance with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$5,370,174 for a new contract amount of \$27,693,796 to provide for the annual Economic Price Adjustment, changes for unanticipated operating conditions and Airport requested changes. Funding will be provided from the Airport's Operating budget.

Mr. Satero explained that this contract, awarded in 1998, provides for both Phase 1, construct, install, test and commissioning, and Phase II Operation and Maintenance (O&M) of AirTrain. Bombardier Transportation has been operating the system since its opening in February 2003. The initial three-year O&M period expired in February 2006. The contract contains provisions for three one-year extensions to the contract for O&M services. The Airport awarded the first of three one-year O&M option extensions in November 2005. This item awards the second one-year extension.

Both the initial three-year term as well as the three one-year options were competitively bid as part of the original contract. Airport Staff has analyzed the cost effectiveness of continuing with the O&M option year extension and has determined that the Airport realizes significant economic and operational benefit from continuing with this contract, in comparison to systems of similar size and complexity in the U.S.

The system has operated very well since opening, achieving an average availability of 99.65, substantially exceeding the contract minimum requirement of 99.5. The year-to-date average availability is 99.67. For the month of October, the availability was 99.86%, which provided the contractor with an incentive bonus amount of 1% for monthly performance exceeding 99.8%.

The Airport is also analyzing long term what the best solution is for O&M after the expiration of the three option years in 2009. Staff will return to the Commission with a recommendation after the analysis has been completed in early 2007.

Commissioner Johns asked about the signage on the platforms.

Mr. Satero responded that the signage and voices on the platforms and stations is their responsibility.

Mr. Martin noted that we give them direction and we can make changes. He asked Commissioner Johns if she sees weaknesses or had any suggestions.

Commissioner Johns noted that she had an experience recently.

Commissioner Crayton asked if we have any litigation issues regarding AirTrain.

Mr. Rob Maerz responded that we do have one with Bombardier.

The HRC has determined that Bombardier has met its Phase II MBE/WBE subcontractor participation through the initial participation of Primus Industries for the first year of the O&M contract. Bombardier continues to subcontract the glass cleaning services to Capital Cleaners, a local DBE contractor.

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Staff will return to the Commission in March 2007 requesting a modification to the contract to include labor and materials escalation costs and additional changes to the O&M Year 4, Option Year 1 contract. The current estimate for this upcoming modification is \$2,100,000.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Authorization to Establish Pools of Pre-Qualified Firms to Provide Investment Banking and Related Services

No. 06-0210 Resolution authorizing the establishing pools of pre-qualified firms to provide investment banking and related services.

Mr. Ben Kutnick, Business and Finance said that this item requests Commission approval to establish new pools of pre-qualified underwriters for four categories of investment banking and related services for a period of two years. These banking pools are for negotiated transactions only. The four pools cover Fixed Rate Financings, Variable Rate Financings, Auction Rate Financings and Interest Rate Swaps.

On August 21, 2006 Airport staff issued a Request for Qualifications which was authorized under Resolution No. 06-0050. The RFQ was advertised in local publications and trade journals, and posted on the City's and the Airport's procurement web pages. Small Business Enterprises were encouraged to submit their qualifications as qualified Disadvantaged Business Enterprises as certified by the City's Human Rights Commission.

On September 15, 2006 the Airport received qualifications from 27 firms. Several firms submitted qualifications for only certain types of financings, and did not request to be considered for all four pools.

A five-member selection panel composed of Airport staff, City staff and the Airport's financial advisors evaluated the written proposals and ranked the proposing firms. The panel reviewed all proposals and graded them on a 100-point scale. Firms scoring 65 points or higher were selected for the pools.

When a financing arises staff will select investment bankers for that particular negotiated transaction and return to the Commission for its approval of the transaction and the investment bankers that will be participating.

In terms of how we select the investment banker from the pools it is based on several things. We use investment bankers on each transaction. Typically there is a lead banker and co-investment bankers. The selection process criteria generally includes the ability and track record on specific types of transactions past performance. We also try and spread the work around so we are cognizant of how much work we have given to each bank previously.

Commissioner Johns asked how they get paid.

Mr. Kutnick responded that the senior banker usually receives a management fee and a percentage of the transaction based on a management fee or "take-down". The cost paid to bankers for the last transaction came to about \$2 million.

Commissioner Ito asked about DBE participation.

Mr. Kutnick responded that in the last transaction that included 32F, G and H the four bankers that were used were UBS, Morgan Stanley, Lehman Brothers, and Seibert Brandford Shank.

Mr. Martin said that Seibert is an MBE firm. Some of these firms no longer qualify as MBEs due to their size. E. J. De La Rosa is a DBE.

Commissioner Ito wondered how the Airport stands overall with the City's investment process and the goals they are trying to meet.

Mr. Kutnick responded that the Mayor's Office of Public Finance establishes pools of financial advisors, investment bankers and bond lawyers for City transactions. They are generally run out of that office. He is uncertain about the City Treasurer's investment process. It's a completely different type of transaction from what we do. The Mayor's Director of Public Finance sits on the Airport's Financial Advisory Committee and typically reviews all of our transactions and selection processes.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 13, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

7. Award Professional Services and Software Contract 8399 for Airport's Property Management and Billing System (PMBS) - GCR & Associates, Inc. - \$750,000

No. 06-0211

Resolution awarding Professional Services and Software Contract No. 8399 to GCR & Associates, Inc., to implement the Airport's Property Management and Billing System (PMBS) in an amount not to exceed \$750,000.

8. Award of Contract No. 8359R - Taxicab Management Control System Electrical Infrastructure - Liberty Electric, Inc. - \$628,400

No. 06-0212

Resolution awarding Contract 8359R, Taxicab Management Control System Electrical Infrastructure, to the lowest responsive, responsible bidder, Liberty Electric, Inc., in the amount of \$628,400.

9. Authorization to Accept Proposals for the Airport Spa Lease

No. 06-0213

Resolution approving the revised lease specifications, minimum qualifications, and proposal requirements, and authorizing staff to accept proposals for the Airport Spa Lease, with a term of five years, with two one-year options, and a minimum acceptable proposal amount of \$100,000.

Commissioner Ito asked staff to run through this item. It appears that staff was able to respond to some of the suggestions made at the pre-proposal meeting.

Mr. Franzella responded that we reached a good middle ground with the feedback we received and all the considerations we have.

There are two spa locations ... 720 square feet in Terminal 3 near Boarding Area E, currently the Palm Store, and a differed location of slightly more than 1600 square feet in Boarding Area G, post security. This is a five year lease with two one year options, exercisable by the Commission. Some adjustments were made on the percentage rent in response to feedback from proposers.

Commissioner Ito said that it seemed that the initial space was too large.

Mr. Franzella responded that the current spa is located in a position that will be converted to a DFS Coach store which we believe is a higher and better use. We covered that with the current operator rather extensively over the past year. While a spa is not the highest revenue generator, we believe it's an evolving concept and we would like to have it at SFO. We think we have found two locations that make sense.

Mr. Franzella said that we have been able to make arrangements for domestic passengers to be escorted through security to utilize the spa in the International Terminal Boarding Area A. We advertise the spa on our website and in our brochure that is at all of our information desks. It's a service that the public is beginning to understand might be available. Passengers have to look for it to some degree, but that is not too different from other services like the Hair Salon.

10. Authorization to Accept Proposals for the Technology Products Stores Lease

No. 06-0214

Resolution approving the final lease specifications, minimum qualifications, and proposal requirements, and authorizing staff to accept proposals for the Technology Products Stores Lease, with a term of five years, with two one-year options, and a minimum acceptable proposal amount of \$500,000.

11. Bid Call - Contract No. 8458 - Airport Facilities Fall Prevention Implementation

No. 06-0215

Resolution approving the scope, budget and schedule for Contract No. 8458, Airport Facilities Fall Prevention Implementation, and authorizing the Director to call for bids when ready.

12. Bid Call - Contract No 8516 - Sanitary Sewer Pump Station 5A Retrofit

No. 06-0216

Resolution approving the scope, budget, and schedule for Contract No. 8516, Sanitary Sewer Pump Station 5A Retrofit, and authorizing the Director to call for bids when ready.

13. Approve Contract with the Corporation of the Fine Arts Museums of San Francisco - \$81,000

No. 06-0217

Resolution approving contract for \$81,000, with the Corporation of the Fine Arts Museums of San Francisco (COFAM) for the purpose of providing technical assistance and implementing temporary exhibitions at SFO for the period July 1, 2006 to June 30, 2007.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

* * *

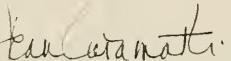
H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:20 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 21, 2006

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
November 21, 2006

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C.		ADOPTION OF MINUTES: Special meeting of November 6, 2006	06-0218	4
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	2.	EEO Report for FY 2005/06 and 2006/07		6-7
E.		ITEMS INITIATED BY COMMISSIONERS:		8
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 3. Award Contract 3590B - South Field Runway Safety Area Construction, Phase B - Proven Management	06-0219	8
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G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 6. Award Contract 8498R - Long Term Parking Garage Illuminated Signage - Fuoresco Lighting and Sign Corporation, Inc.	06-0222	10
	7.	Approve Pool of Consultants for As-Needed Airport Planning and Management Services	06-0223	10
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10.	Authorization to Accept Proposals for Boarding Area F Specialty Store Lease A	06-0226	11
11.	Authorization to Accept Proposals for Boarding Area F Specialty Store Lease B	06-0227	11
12.	Authorization to Accept Proposals for Terminal 3 Newsstands and Specialty Store Lease	06-0228	11
13.	Consent to Assign the Airport's Curbside Management Program Contract from Shuttleport/DAJA SFO Joint Venture to DAJA International, LLC	06-0229	11
H.	NEW BUSINESS:		11-12
I.	CORRESPONDENCE:		12
J.	CLOSED SESSION:		
	Potential Litigation		12
K.	ADJOURNMENT:		12

AIRPORT COMMISSION MEETING MINUTES

November 21, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of November 6, 2006 were adopted unanimously.

No. 06-0218

* * *

D. DIRECTOR'S REPORT:

1. Report on Contracts Awarded to Disadvantaged Business Enterprises

FY 2005-06 Status Report of Airport Contract Awards to DBEs.

Ms. Sandra Crumpler, Business Outreach Office, said that the report contains two charts. The first chart summarizes the overall contracts and the second chart provides a breakdown of these contracts by contract number, title, name of primes and dollar amounts for primes, all subcontractors and certified DBE subcontractors.

In FY 2005/2006 the Commission awarded contracts for construction, professional services and concession leases. Of the 24 construction contracts, which includes Federal Aviation (FAA) and Federal Highway (FHwy), for a total award of \$76 million, \$27 million, or 36% went to DBE primes and subs.

Nineteen of the 24 construction contracts were awarded to non-DBE contractors,

totaling \$63.7 million. They subcontracted \$15 million or 24% of their work to certified DBE firms. Five construction contracts were awarded to certified DBE primes, totaling \$14 million.

Six professional services contracts were awarded totaling \$2 million and of that amount \$988,500 or 49% were awarded to DBE primes.

A concession lease for the International Terminal Specialty Retail Store was awarded to Brookstone Company, Inc. Although there were no awards to DBEs, our overall level of DBE participation for retail and restaurant operations is over 60%.

For the record, SFO has one of the best Airport Concession DBE Programs in the United States.

There have been recent changes to the San Francisco Contracting Program for local DBEs. Since September 2006, the City has implemented a new contracting program, administered by HRC for local businesses, under the new Chapter 14B, titled "Local Business Enterprise and Non-Discrimination in Contracting Ordinance." This ordinance replaces Chapter 14A, DBE Utilization Ordinance. Major changes include contracting goals and percentage discounts for LBEs (instead of DBEs) and includes local minority and women owned firms, and, set-asides of annual contracts valued at \$250,000 or less for micro businesses.

Airport staff will continue to work closely with Human Rights Commission staff to ensure that our contracts comply with the new LBE Ordinance.

Commissioner Ito commended Ms. Crumpler on her report and the Airport for its outstanding statistics. She noted that Ms. Crumpler typically works with the various Chambers and asked if different groups have been brought in beyond those that we traditionally reach out to.

Ms. Crumpler responded that we have.

Commissioner Ito asked Ms. Crumpler if she has found that the Chambers have been asserting themselves more since the ordinance has changed.

Ms. Crumpler responded that she has not spoken with them directly about the impact but they are continuing to send out notices.

Commissioner Ito asked Ms. Crumpler if she knows how the Airport is stacking up against other City departments. She is hearing some concerns at the community level that some departments aren't paying attention. In our defense she knows that we are doing everything possible to manage this.

Ms. Crumpler responded that it has only been six months and it usually takes about a year to see how the numbers come in.

Commissioner Mazzola asked what area the Local Business Enterprise covers.

Ms. Crumpler responded that the area covers San Francisco.

2. EEO Report for Fiscal Years 2005-2006 and 2006-2007

Report on Airport Commission's Labor Force
Analysis and EEO Activities Report for Fiscal Years
2005-2006 and 2006-2007.

Ms. Theresa Lee, Deputy Director, Administration explained that the annual EEO report provides information on activities we conducted in FY 2005-2006 and what we plan to do this fiscal year to ensure EEO compliance.

Our primary goal is to insure that there are no employment barriers for anyone and that every individual has equal access to Airport jobs and other employment related opportunities.

The Airport's work force has decreased by 11% or 160 employees since 2002.

Notable composition changes over the five years includes the increase of Hispanic employees by 2%, the decrease of European Americans by 3%, and the decrease of female employees by 2%.

These composition changes have occurred mostly in the crafts and maintenance classifications where labor force availability of Hispanics have risen, and the availability of women continues to be extremely limited and competitive.

Page 15 of the report displays the Airport's labor force as of July 2006 by race, gender, job category and market availability.

To address the underutilized areas, staff prepared an aggressive five year recruitment outreach effort that includes working with labor unions, schools, professional women organizations and community-based organizations specializing in job development, training and placement.

In addition, last fiscal year the Airport established a Recruitment Advisory Committee made up of senior management staff members and is co-chaired by the Deputies for Facilities and Administration. Through this Committee, Airport recruitment and selection processes will be monitored closely to ensure that there are no barriers that would prevent female and other underutilized groups from employment at the Airport.

We plan to build upon our efforts from last fiscal year and identify specific job positions such as custodians and some professional classes for increased outreach.

We recognize the challenges and are committed to continuing our diligence in implementing a vigorous program to remove barriers that may prevent equal employment opportunity.

The Airport's EEO report presented to the Commission includes information regarding the EEO Program achievements for FY 2005/2006, the EEO Program activities for FY 2006/2007; and a work force review and utilization analysis of the Airport's labor force, department-wide, by division, by job category, race and gender.

Commissioner Ito said that in looking over these charts she notes that office clericals and service maintenance still have the most diverse range of employment. She asked what kinds of promotional opportunities these employees have.

Ms. Lee responded that the Airport over the years has focused on staff development and succession planning where opportunities are identified to develop employees for promotional opportunities. Most recently we initiated a Management Leadership Development Program that will identify training through special assignments for employees to develop their skills. We are working with the Department of Human Resources to identify ways to provide a ladder, especially at the clerical level, where they can be eligible to apply for administrative analyst positions.

Commissioner Ito asked about the diversity in those placements.

Ms. Lee responded that the intern program is very diverse, especially in the highly successful Career Connect Program which focuses on high risk. Ninety percent of our interns are African Americans.

The summer intern program is fairly equal in diversity and gender. Our Youth Works Program is 75% Asian.

Commissioner Ito asked about the nature of discrimination complaints.

Ms. Lee responded that the complaints ranged from alleged gender, age and racial discrimination.

Commissioner Ito asked if all the complaints were handled in-house or if they were filed with Fair Employment and Housing.

Ms. Lee responded that our goal is to be proactive and take care of the issues in-house. However, employees also have the opportunity to file with DHR or EEOC. No more than two of the complaints listed were filed outside of the Airport.

Commissioner Johns asked how many of the Employment and Community Partnership Program participants are San Francisco residents.

Ms. Lee responded that they are all San Francisco residents. We will take another look at this in the future to see if it makes sense to include San Mateo County.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of Contract No. 3590B - South Field Runway Safety Area Construction - Phase B - Proven Management, Inc. - \$6,935,348

No. 06-01219

Resolution awarding Contract 3590B, South Field Runway Safety Area Construction, Phase B, to the lowest responsive, responsible bidder, Proven Management, Inc., in the amount of \$6,935,348.

Mr. Ernie Eavis, Deputy Director, Facilities, said that Proven Management submitted the only bid for this contract.

Commissioner Mazzola thought that a contract would be rebid when only one bid was received.

Mr. Eavis responded that this contract is funded through a grant.

Item No. 4 was moved by Commissioner Guggenheim and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Authorization to Issue a Request for Proposals for Marketing Services

No. 06-0220

Resolution authorizing the issuance of a Request for Proposals for Marketing Services to retain and develop airline service and support internal revenue generating SFO Divisions.

Ms. Kandace Bender, Deputy Director, Communications and Marketing explained that four years ago the Airport implemented its first marketing program which was designed to drive traffic to the Airport and encourage spending among our passengers. Major components of the program include a quarterly advertising campaign, barter marketing partnerships throughout the City, airport to airport marketing exchange, marketing programs created to recruit new airlines, a strong branding program and a new design of the FlySFO website.

While no single factor is responsible for revenue generation we believe that marketing efforts play an important role in helping to attract nine new airlines, increase per capita spending during holiday promotions, promote the new long term parking garage as well as the new food and beverage program.

The current marketing contract will end on June 30, 2007. To build on this success and capitalize on momentum we are seeking approval to issue a new RFP for a new marketing contract. Components of the new RFP will include building on the existing marketing program and continuing our advertising campaign. Recognizing that the international communities in the Bay Area represent a significant segment of our passengers, the RFP will specifically request extensive marketing strategies that target international communities in the Bay Area such Asian Pacific, Hispanic and European communities.

Commissioner Ito asked about the timeline ... will we try to complete this in May?

Ms. Bender said that we will.

Commissioner Ito thanked Ms. Bender for being inclusive and reaching out to the international community but felt that the non-English speaking communities need to be addressed.

Item No. 5 was moved as amended by Commissioner Johns and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Authorization to Issue a Request for Proposals for Airport Telecommunications Services

No. 06-0221 Resolution authorizing the issuance of a Request for Proposals to acquire and implement Airport Telecommunications Services.

Ms. Lee said that as part of activating the new International Terminal the Commission approved a contract in 1999 with AT&T Local Services to install, provision and maintain voice and data services at the Airport via a new fiber optic telecommunications infrastructure for a seven year term with two one-year options. The current contract expires on August 31, 2007.

This item requests Commission approval to issue a Request for Proposals to continue this service and solicit a contractor to provide telecommunications services for local voice and data services, long distance service and the associated professional services for their design and implementation. If approved, we plan to issue the RFP in February 2007. We anticipate the length of the contract to be similar to the current agreement. We will return to the Commission to request award of the contract sometime in early Summer of 2007.

Commissioner Johns asked if this is a different format from what is normally done ... issue an RFP, report back to the Commission with the scoring results, ask for authorization to negotiate with the contractor and then award the contract. She thought a step was missing.

Ms. Lee responded that we have done it both ways. Typically, we go with the highest rated proposer, the terms are reviewed and we return to the Commission to approve the terms and award the contract.

Commissioner Johns asked why that wasn't being done here. This contract has the potential for having a lot of respondents so the Commission should have the opportunity to see the scoring and authorize negotiations.

Mr. Martin said that we will be happy to return to the Commission for authorization to negotiate the contract. Generally if the contract is very routine we may skip that step, however, this may be more complex. We will return to the Commission for authorization to negotiate.

★ ★ ★

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 13, was moved by Commissioner Guggenheim and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Award of Contract No. 8498R - Long Term Parking Garage Illuminated Signage
Fuoresco Lighting and Sign Maintenance Corporation, Inc. - \$333,674

No. 06-0222

Resolution awarding Contract 8498R, Long Term Parking Garage Illuminated Signage to the lowest responsive, responsible bidder, Fuoresco Lighting and Sign Maintenance Corporation Inc., in the amount of \$333,674.

- 7. Approval of a Pool of Consultants for As-Needed Airport Planning and Management Services**

No. 06-0223

Resolution approving a pool of consultants for as-needed Airport Planning and management services. The pool, established through a competitive RFQ process, will be effective for a period of two years.

- 8. Approval of a Pool of Consultants for As-Needed Environmental Planning and Management Services**

No. 06-0224

Resolution approving a pool of consultants for as-needed Environmental Planning and management services. The pool, established through a competitive RFQ process, will be effective for a period of two years.

9. Approval of a Pool of Consultants for As-Needed Sustainability Planning Services

No. 06-0225

Resolution approving a pool of consultants for as-needed Sustainability Planning services. The pool,

established through a competitive RFQ process,
will be effective for a period of two years.

10. Authorization to Accept Proposals for Boarding Area "F" Specialty Store Lease "A"
No. 06-0226 Resolution authorizing staff to accept proposals for the Boarding Area "F" Specialty Store Lease "A" for a minimum acceptable proposal amount of \$60,000 and a term of five years with two one-year options exercisable by the Airport Commission.

11. Authorization to Accept Proposals for Boarding Area "F" Specialty Store Lease "B"
No. 06-0227 Resolution authorizing staff to accept proposals for the Boarding Area "F" Specialty Store Lease "B" for a minimum acceptable proposal amount of \$90,000 and a term of five years with two one-year options exercisable by the Airport Commission.

12. Authorization to Accept Proposals for the Terminal 3 Newsstands and Specialty Store Lease
No. 06-0228 Resolution approving revised lease specifications, minimum qualifications, and proposal requirements, and authorizing staff to accept proposals for the Terminal 3 Newsstands and Specialty Store Lease with a minimum acceptable proposal amount of \$725,000 and a term of five years with two one-year options to extend the Term, exercisable by the Airport Commission.

13. Consent to Assign the Airport's Curbside Management Program Contract from Shuttleport/DAJA SFO Joint Venture to DAJA International, LLC
No. 06-0229 Resolution authorizing Director to complete the assignment of the Airport's Curbside Management Program Contract (OPS-PS-05-8363) Shuttleport/DAJA SFO Joint Venture to DAJA International, LLC retroactive to October 16, 2006.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of

up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:30 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

December 5, 2006

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS
LARRY MAZZOLA
President
LINDA S. CRAYTON
Vice President
CARYL ITO
ELEANOR JOHNS
RICH GUGGENHIME

JOHN L. MARTIN
Airport Director

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Minutes of the Airport Commission Meeting of
December 5, 2006

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:		3
C.		ITEMS INITIATED BY COMMISSIONERS:		3
D.		POLICY ITEMS:		
	1.	Airport Commission Attendance Policy	06-0230	3
	2.	Approval of the Airport's Debt Policy	06-0231	3-5
	3.	Approve Capital Plan Policies for the Development and Management of the Airport Capital Plan	06-0232	5-6
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	4.	Amendment No. 4 to Travelex Foreign Currency Exchange Lease No. 99-0449	06-0233	6-7
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	Continuation of the Aviation Market Stimulus Program	06-0234	7
	6.	Project Horizon, Inc., dba InMotion Pictures' DVD Rental Concessions Lease No. 02-0170 - Exercise the First One-Year Option to Extend the Term	06-0235	7-8
G.		NEW BUSINESS:		8
H.		CORRESPONDENCE:		8
I.		CLOSED SESSION:		8
		Potential Litigation		
J.		ADJOURNMENT:		8

AIRPORT COMMISSION MEETING MINUTES

December 5, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

D. POLICY:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Airport Commission Attendance Policy

No. 06-0230 Resolution adopting the Attendance Policy and amending Rule 13 of the Airport Commission's Rules of Order to incorporate this policy.

Mr. John Martin, Airport Director, explained that the resolution before the Commission has been drafted to comply with a Board of Supervisors resolution urging Commissions to adopt an Attendance Policy.

Item No. 2 was moved by Commissioner Guggenheim and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Approval of the Airport's Debt Policy

No. 06-0231 Resolution approving the Airport's Debt Policy.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that the Debt Policy memorializes into one document existing policies and practices regarding the issuance and management of the Airport's debt.

The Policy outlines the legal framework and authority regarding the issuance of debt, and addresses the approval process, and the purposes and terms and provisions of debt issuances. The Policy also addresses other areas such as the various methods for selling debt, and the criteria for engaging outside professionals.

This proposed policy has been reviewed by the Airport's Financial Advisory Committee as well as two of the credit rating agencies. The credit rating agencies as well as the Government Finance Officers' Association encourage government organizations to adopt formal debt policies.

Commissioner Johns noted that the proposed debt policy has been reviewed by the Airport's Financial Advisory Committee and asked if they had any comments.

Mr. Fermin responded that they had no significant comments. They have seen a lot of debt policies from other organizations and our debt policy is not much different from any other organization. In fact, it has even more provisions, such as stating that we actively keep credit rating agencies informed. Provisions such as that were received very well.

Commissioner Johns noted that the approval policy says "...codifies the requirement that each bond issue is approved by the Commission's Financial Advisory Committee." She knows that the Financial Advisory Committee plays a significant role. Is it a loose arrangement or a formal arrangement.

Mr. Fermin responded that it is not a formal arrangement. There is no codification as to the composition of the Advisory Committee. Members were discussed with the Director. The goal was to create a good mix of people with the appropriate expertise ... knowledge of the industry as well as the Airport and similar governmental agencies.

Commissioner Johns said that she is more curious than concerned about this. The panel plays a very significant role. She feels that when those members are chosen it might be a good idea to return to the Commission.

Mr. Martin said that they have played an increasingly important role. He can keep the Commission informed or we can have this codified. Generally, we can keep this as an internal meeting if it is not codified.

Commissioner Johns said that she was fine with that. It's important for the Commission to know who these people are.

Mr. Rob Maerz, Airport General Counsel said that if the Commission approves the Financial Advisory Committee there may be Sunshine implications. It may then become a passive meeting body and may be required to be open to the public.

Commissioner Johns said that she was not going in that direction. She wanted to be aware of who these people are because the membership changes from time to time.

Mr. Martin said that we will update the Commission via memo at the beginning of each calendar year on the status of the membership.

Commissioner Guggenheim asked if we have ever had a debt policy.

Mr. Fermin responded that we have never had a formal debt policy.

Mr. Martin added that we have had many policies that were incorporated into bond resolutions. This resolution places it under one master document.

Commissioner Ito thanked Mr. Fermin for pulling all of this together. Having it under one document is important.

Mr. Fermin said that staff worked with our advisors to put this together.

Item No. 3 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Approve Capital Plan Policies for the Development and Management of the Airport Capital Plan

No. 06-0232

Resolution approving Capital Plan policies for the development and management of the Airport Capital Plan.

Mr. Fermin explained that as with the Debt Policy, the attached Capital Plan Policies consolidates into one document various policies, agreements, regulations and laws affecting the development and management of the Airport's Capital Plan. This document is intended to provide clarity and guidance to staff in their work involving the planning for and implementation of capital projects.

The document addresses the roles of different parties such as the airlines, the Commission, other City agencies and the Board of Supervisors. The document also addresses subjects such as the Capital Project Request and Approval process, funding processes, and grant funding of projects.

Commissioner Johns, referring to the Lease and Use Agreement, Chapter 3, Page 3, asked how the Airport keeps track of the \$2 million per year in 1981 dollars adjusted annually for inflation.

Mr. Fermin responded that it is on an excel spreadsheet that factors in the CPI index we down load from a website on the Bureau of Labor Statistics database. We then index that number up to present day dollars.

Commissioner Johns said that she understands how the indexing takes place.

She was noted that airlines do not have to approve this \$2 million under the Lease and Use Agreement. How do we keep track of which projects go under that \$2 million.

Mr. Fermin responded that we have an extensive database which lists all of our Capital Projects that are either being planned or implemented. As part of that tracking system we identify the source of the funds. The source of the money is then tracked in great detail ... whether the funds are coming from the operating budget or from bonds funds. Through this process we are able to identify which projects are funded with monies that come from the operating budget.

When we set the budget each year, that \$2 million may be close to \$2 million in today's dollars when adjusted for inflation. When we set the operating budget we budget a line item of \$3 million. We then collect that \$3 million from the airline rates and charges and place it in a special fund that is designated as coming from the operating budget. That fund is then used to individually fund various capital projects.

Commissioner Ito had a question on Chapter 3, Page 4, which states "... the Airport cannot proceed with a capital improvement that has been objected to by a majority in interest." She asked for a clarification.

Mr. Fermin responded that if the airlines object we have to wait six months before we can proceed.

Commissioner Guggenheim asked how majority in interest is defined.

Mr. Martin responded that it is based on landing weights ... it's the share of the carriers landing weight

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was moved by Commissioner Johns and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Amendment No. 4 to Travelex Foreign Currency Exchange Lease No. 99-0449

No. 06-0233

Resolution approving Lease Amendment No. 4, which includes additional facilities investment of not less than \$750,000, one 5-year Option to extend the Lease Term at the Minimum Annual Guarantee of \$4,127,500, an increase in rent per enplaned passenger from \$0.88 to \$0.90, and the addition of 200 square feet, and directing the Commission Secretary to seek Board of Supervisors approval.

Mr. Fermin explained that this proposed Amendment to the Travelex Foreign Currency Exchange Lease is a "win-win" situation for both the Airport and

Travelex. The Airport gains another 5 years of receiving above market rents, as well as a fresh, striking re-design of the foreign exchange outlets involving an investment of at least \$750,000 by the tenant. Travelex will revitalize their operations and service, get two new locations (one of which will be in Terminal 1 to serve Canadian passengers), and gain an additional five years to recoup the operating losses they have been incurring to date.

Travelex was granted an option for a five year extension of their lease under the Concession Support Program. They declined stating that the Minimum Annual Guarantee was too high. This past spring a new management team at Travelex developed a plan to revitalize their operations and began discussing their plans with us. We saw an opportunity to again lock-in the above-market MAG which was lost when Travelex declined the five year option under the Concession Support Program.

Commissioner Guggenheim assumed we have no control over exchange rates.

Mr. Fermin responded that any changes in the spread have to be reviewed by staff and compared to the market ... e.g., spreads at other airports. The Director must provide written authorization for the change.

Commissioner Guggenheim asked how often the spreads are reviewed.

Mr. Fermin responded that we review the spreads when the lessee requests a change. The last time they requested a change was about a year ago.

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 and 6, was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Continuation of the Aviation Market Stimulus Program

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 06-0234 | Resolution authorizing continuation of the Aviation Market Stimulus Program during FY 2006/2007 focused on air service to international destinations not served nonstop from SFO as outlined in the program approved by Resolution No. 04-0078 continuing each Fiscal Year thereafter as a component of the Airport Rates and Charges. |
| <u>Project Horizon, Inc., dba InMotion Pictures' DVD Rental Concessions Lease No. 02-0170 - Exercise of the First One-Year Option to Extend the Term</u> | |
| No. 06-0235 | Resolution exercising the first one-year option to extend the term of Project Horizon, Inc. dba InMotion Pictures' DVD Rental Concession Lease |

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:19 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

December 19, 2006

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9:00 A.M.

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JOHN L. MARTIN
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
December 19, 2006

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.	CALL TO ORDER:			4
B.	ROLL CALL:			4
C.	ADOPTION OF MINUTES: Regular meetings of November 21, 2006 and December 5, 2006		06-0236	4
D.	ITEMS INITIATED BY COMMISSIONERS:			
E.	ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: 1. Award Contract 8433B - Boarding Area A Apron Construction - Ghilotti Brothers		06-0237	4-5
	2. Award Contract 8363R - Pavement Replacement and Construction, Phase II A.I.P. No. 03-06-0221-36		06-0238	5
	3. Modification No. 2 to Contract 8329 - Parking Access Revenue Control System (PARCS) - Scheidt & Bachmann USA, Inc.		06-0239	5-6
F.	CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS: 4. Rent Relief for The Body Shop's Boarding Area F Cosmetic and Toiletries Lease No. 00-0450, and Wine Wisdom's Boarding Area F Wine Retail and Tasting Venue Lease No. 04-0205 for the Period Covering August 10, 2006 through September 25, 2006		06-0240 06-0241	7
	5. Award of Spa Lease - XpressSpa SF International, LLC		06-0242	7
	6. Modification No. 1 to Professional Services Contract No. 06-8688 - Catholic Healthcare West, dba St. Mary's Medical Center		06-0243	7
	7. FAA Lease for the Installation, Operation and Maintenance of a Precision Approach Path Indicator System at Runway 10R		06-0244	7-8

8. Approve Holdover of Pacific Bell dba AT&T
Public Communications Lease No. 99-0304 06-0245 8

G. NEW BUSINESS:

Limousine solicitations 8-10

H. CORRESPONDENCE: 10

I. CLOSED SESSION:

Potential Litigation 10

J. ADJOURNMENT: 10

AIRPORT COMMISSION MEETING MINUTES

December 19, 2006

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:01 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meetings of November 21, 2006 and December 5, 2006 were adopted unanimously.

No. 06-0236

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenheim and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Award of Contract No. 8433B - Boarding Area "A" Apron Construction - Ghilotti Brothers, Inc. - \$10,988,313

No. 06-0237

Resolution awarding Contract No. 8433B, Boarding Area "A" Apron Construction to the lowest responsive, responsible bidder, Ghilotti Bros., Inc., in the amount of \$10,988,313.

Mr. Ernie Eavis, Deputy Director, Facilities explained that this contract would

construct the apron around the three remaining gates at Boarding Area A in the International Terminal. The work will include installing concrete pavement, asphalt pavement, and perform underground work for the fuel lines so that we can get those three gates up and running.

Three bids were received on November 17, varying from \$11-million to \$12.9 million. The engineer's estimate was \$11.9 million.

This contract is part of A.I.P. 36 and 75% of the costs will be reimbursed by the FAA.

One bid protest was received from Proven, the apparent second low bidder, questioning Ghilotti's subcontracting portion. Staff found the protest to be without merit.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Award of Contract No. 8353R - Pavement Replacement and Construction, Phase II - A.I.P. No. 03-06-0221-36 - Ghilotti Brothers, Inc. - \$1,753,750

No. 06-0238	Resolution awarding Contract 8353R, Pavement Replacement and Construction, Phase II, to the lowest responsive, responsible bidder, Ghilotti Brothers, Inc., in the amount of \$1,753,750.
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Mr. Eavis explained that this contract provides for on-call work to be performed on Airport runways, taxiways, aprons and vehicle service roads that would be beyond the capability of our Airport maintenance crew.

Two bids were received, with Ghilotti Brothers submitting the lowest bid of \$1,753.750. The Engineer's estimate was \$1.8 million. This project will also receive 75% reimbursement from the FAA through A.I.P. 36.

There were no protests on this contract.

Item No. 3 was moved by Commissioner Guggenheim and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Modification No. 2 to Contract No. 8329 - Parking Access Revenue Control System (PARCS) - Scheidt & Bachmann USA, Inc. - \$950,000

No. 06-0239	Resolution approving Modification No. 2 to Contract No. 8329, Parking Access Revenue Control System (PARCS) with Scheidt & Bachmann USA, Inc., for the implementation of FasTrak at all public parking garages and for California State Sales Tax for all PARC equipment, in the amount of \$950,000.
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Mr. Leo Fermin, Deputy Director, Business and Finance explained that in June of 2005 the Commission awarded a contract to Scheidt & Bachmann, USA, Inc. for the installation of the new parking revenue control system. A competitive Request for Proposals process was conducted and in the cost component, Scheidt & Bachmann submitted a proposed total cost of approximately \$8.5 million. The second and third ranked proposers proposed total costs of \$8.7 and \$8.6 million respectively.

Staff then negotiated the costs down with Scheidt & Bachmann by negotiating down individual list prices for each equipment component, the on-site and off-site hourly rates that Scheidt & Bachmann would charge and consequently the Commission awarded the contract for a total price slightly under \$6 million.

The contract specified that the Airport would pay any required State of California sales tax on the equipment items being purchased. However, through an oversight, staff failed to include the dollar amount of the sales tax in the contract award amount. The sales tax is approximately \$300,000 on total equipment costs of approximately \$3.5 million.

Additionally, the contract for the new parking revenue control system did not include monies for the installation of the FasTrak system since at the time the requirements for installing FasTrak were unknown and it was not until a year later that the Commission approved a cooperative agreement with the Bay Area Toll Authority to administer Fastrak. The Scheidt & Bachman work necessary to install FasTrak in all the public parking garages total approximately \$650,000.

With this contract modification, the Scheidt & Bachmann contract will total a not-to-exceed amount of approximately \$7 million. This is still \$1.4 million or 17% less than their original cost proposal of \$8.5 million.

- Regarding FasTrak, although we are requesting Commission approval to modify this contract for the FasTrak work, we have put all FasTrak work on hold for the Central and International Terminal garages, pending the execution of a Licensing Agreement with the Transportation Corridors Agency (TCA) for the use of FasTrak logo and trademark. Previously the Commission approved a cooperative agreement with the Metropolitan Transportation Commission's (MTC) Bay Area Toll Authority for the administration and processing of FasTrak transactions. However, the FasTrak trademark is owned by the TCA and we still do not have a final licensing agreement to present to you for approval. Initially, the TCA informed both the Airport as well as the Bay Area Toll Authority that there would be no royalty or licensing fees charged to the Airport for FasTrak. However, now TCA wants the Airport to pay royalties. As a result, we have suspended all work on installing FasTrak until this issue is resolved.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

A motion was made by Commissioner Guggenheim and seconded by Commissioner Crayton to recuse Commissioner Ito from discussing and voting on Item No. 6. The vote to approve the recusal was unanimous.

A motion was made by Commissioner Guggenheim and seconded by Commissioner Mazzola to recuse Commissioner Crayton from discussing and voting on Item No. 8. The vote to approve the recusal was unanimous.

The Consent Calendar, Item Nos. 4, 5 and 7, was moved by Commissioner Mazzola and seconded by Commissioner Johns. The vote to approve the Consent Calendar was unanimous.

4. Rent Relief for The Body Shop's Boarding Area "F" Cosmetic and Toiletries Lease No. 00-0450, and Wine Wisdom's Boarding Area "F" Wine Retail and Tasting Venue Lease No. 04-0205 for the Period Covering August 10, 2006 through September 25, 2006

No. 06-0240	Resolutions authorizing a waiver of the Minimum Guarantee for (1) Buth-na-Bodhaige, Inc. dba The Body Shop's Boarding Area "F" Cosmetic and Toiletries Lease No. 00-0450, and (2) Wine Wisdom, Inc.'s Boarding Area "F" Wine Retail and Tasting Venue Lease No. 04-0205 for the 47 day period from August 10, 2006 to September 25, 2006 due to the detrimental effects on these tenant's sales of the Transportation Security Administration's ban on liquids, gels and aerosols.
No. 06-0241	

5. Award of Spa Lease - XpresSpa SF International, LLC - Minimum Annual Guarantee: \$100,000

No. 06-0242	Resolution awarding the Spa Lease to XpresSpa SF International, LLC for a term of five years, with two one-year options and a Minimum Annual Guarantee of \$100,000 for the first lease year.
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Item No. 6 was moved by Commissioner Guggenheim and seconded by Commissioner Crayton. The vote to approve was unanimous.

6. Modification No. 1 to Professional Services Contract No. 06-8688 - Catholic Healthcare West, dba St. Mary's Medical Center - \$225,000

No. 06-0243	Resolution approving Modification No. 1 to Professional Services Contract No. 06-8688 with Catholic Healthcare West, dba St. Mary's Medical Center, to increase SFO Medical Clinic hours and increase the not-to-exceed amount by \$225,000 for a total not-to-exceed contract amount of \$2,235,000.
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7. Federal Aviation Administration ("FAA") Lease for the Installation, Operation and Maintenance of a Precision Approach Path Indicator System at Runway 10R

No. 06-0244

Resolution approving FAA Lease No. DTFAWP-07-L-00048 to install, operate, and maintain a Precision Approach Path Indicator System at Runway 10R.

Item No. 8 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

8. Approve Holdover of Pacific Bell dba AT&T Public Communications Lease No. 99-0304

No. 06-0245

Resolution approving the holdover of the Pacific Bell Public Communications lease No. 99-0304 on a month-to-month basis at percentage rent only.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, cab driver, welcomed Commissioner Guggenheim to the Commission. He told Commissioner Guggenheim that he had some big shoes to fill ... Commissioner Strunsky was a great Commissioner.

Mr. Taranto said that he is infuriated. He wants the Police called and he wants to make a citizens arrest on Tryg McCoy. McCoy allows his Communications Department to intimidate cab drivers and dispatchers when they call the Police regarding possible solicitation on the curb. He called the Police early last Wednesday morning when he saw a limousine driver who a few months before ago accused Mr. Taranto of spitting on him. That was impossible because at the time he was across the way by his cab in a cab stand area and the limousine driver was at the curb. The Police appeared and began accusing Mr. Taranto of various things. There were no witnesses to verify that he had spit at the limousine driver. So, when he saw the limousine driver again at about 12:45 AM Mr. Taranto claimed that the limousine driver said "what are you going to do? Call the Police?" Mr. Taranto claimed that he said nothing.

Mr. Taranto said that Alice Sgourakis loves this guy. "She must get sexual favors from him. I can't believe I said that."

Commissioner Mazzola told Mr. Taranto to be careful.

Mr. Taranto said that it is upsetting. He said that he would stop.

Why is Ms. Sgourakis believing this limousine driver's accusations? This limousine driver shows up late at night all of the time and somehow they believe him.

Mr. Taranto said that other cab drivers suggested calling the Police because the limousine driver was just "hanging out."

Mr. Taranto said that he calls the Police and they want every bit of information and it takes 20-30 hours to give this information. In the meantime you have lost the driver and the cab drivers are discouraged from calling the Police. Their money is being stolen because Mr. McCoy and his staff don't want to do anything about solicitation in the baggage claim areas and at the curb. He asked the Commission to adopt a resolution calling for increased Police enforcement or do it the right way.

Mr. Taranto said that he saw a letter which said that cab drivers were terrible. The Airport should get its house in order and stop the solicitation and stop criticizing cab drivers for calling the Police.

Mr. Taranto said that the Airport has a great employee who should be honored ... Dan Borg. Mr. Taranto said that Mr. Borg was quoted in a newspaper headline which read "Taxis less safe under new law." The Taxi Commission freed some restrictions and as a result some of the cabs are not as safe as the used to be. Mr. Borg spoke at the Taxi Commission meeting last week and told truth.

Commissioner Mazzola told Mr. Taranto that these problems have been going on for 100 years. He gets solicited at every airport he travels through; it is not just San Francisco. We are doing the best we can to enforce the rules.

Commissioner Ito noted that she was in the Airport recently and heard an announcement asking passengers not to respond to solicitation. She felt that we are making an attempt to inform passengers that that is not the proper way to get transportation.

Mr. Tryg McCoy, Deputy Director, Operations and Security told Commissioner Ito that the announcements are just one of the efforts we are making.

Mr. McCoy said that Mr. Taranto's comment about Ms. Sgourakis was entirely inappropriate. She is one of our more dedicated employees.

Solicitation is an on-going problem and we take it very seriously. We meet with the Airport Police regularly. The Duty Managers, undercover Police, Airport staff, Landside staff are out watching but solicitation goes on behind our backs. As soon as we clear one terminal it begins happening in another. We have a multi-pronged approach to try to stop the problem but we cannot stop it 100% of the time. We have done a lot of good and we have reduced the problem.

Mr. McCoy said that Mr. Taranto commented on the Communications Center. When a call is placed to 911 the caller cannot just say "I see a problem, send a cop." You have to report what you saw, describe the individual, give your name, provide your location and stand by until a Police Officer arrives.

Mr. McCoy said that he listened to the radio communication between Mr. Taranto and our Com Center. It is about a 4-1/2 minute conversation. The questions asked were appropriate for a 911 dispatcher to ask. There was nothing tedious or cumbersome about it. The Police did respond. Mr. Taranto also handed his cell phone over to

another cab driver to provide additional information. That information was taken as well and was responded to. There was nothing inappropriate about it.

Commissioner Mazzola commented that cells phones have made this on-going problem worse. He told Mr. Taranto that he appreciated his comments but if Mr. Taranto continues to make personal comments about individuals he will not be allowed to address this Commission as long as he is chair. He told Mr. Taranto not to make personal threats.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

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I. CLOSED SESSION:

Commissioner Johns left the meeting at the beginning of the Closed Session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:22 A.M. and the closed session began.

The Commission reconvened its public session at 9:44 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M.


Jean Caramatti
Commission Secretary

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